

***United States Court of Appeals
for the Second Circuit***



EXHIBITS

77-2103

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

LOUIS OSTRER,

Petitioner, Appellant

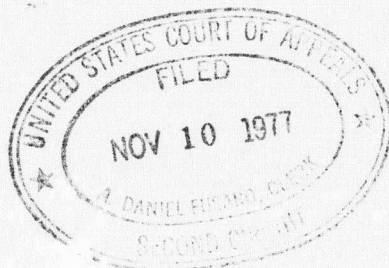
-against-

UNITED STATES OF AMERICA,

Respondent-Appellee.

On Appeal From the United States District Court
For the Southern District of New York.

Appendix to Brief of the Petitioner, Appellant
Exhibits



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Appellant.

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Boston, MA. 02110
(617) 723-2624
Co-counsel for Petitioner,
Appellant.

7-2-103

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Appellant.

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DEFENDANT

EXHIBIT 12

U. S. DIST. COURT

S. D. OF N. Y.

United States Department of Justice

UNITED STATES ATTORNEY

SOUTHERN DISTRICT OF NEW YORK

~~RECEIVED~~

~~RECEIVED~~

NEW YORK, N. Y. 10007

U. S. ATTORNEY'S OFFICE
SOUTHERN DISTRICT OF NEW YORK
ONE ST. ANDREW'S PLAZA
NEW YORK, NEW YORK 10007

December 8, 1975

Robert G. Morvillo, Esq.
1290 Avenue of the Americas
New York, N. Y. 10019

Dear Bob:

Thank you for your letter of December 5, 1975 regarding Mr. Renner's request to interview you regarding Michael Hellerman. Inasmuch as your knowledge of Hellerman was derived while an Assistant United States Attorney in this office, I do not believe it is appropriate for you to be interviewed regarding Mr. Hellerman.

Very truly yours,

Thomas J. Cahill
THOMAS J. CAHILL
United States Attorney

DEFENDANT

EXHIBIT 11

U. S. DIST. COURT
S. D. OF N. Y.

December 5, 1975

Thomas Cahill, Esq.
U.S. Attorney's Office SDNY
U.S. Courthouse Annex
One St. Andrew's Plaza
New York, New York 10007

Dear Tom,

I have recently been contacted by Mr. Thomas Renner who is writing a book about Michael Hellerman. Mr. Renner requested an interview of me with regard to how the United States Attorney's Office first came into contact with Mr. Hellerman, the evaluation of all understandings with Mr. Hellerman and a general evaluation of Mr. Hellerman as a witness.

Since all of the foregoing information was derived by me in my capacity as an Assistant United States Attorney for the Southern District of New York, I refer this request to you for consideration. Please let me know what position, if any, your office would like me to take with regard to this matter.

Very truly yours,

Robert G. Morvillo

RGM:kh

ERLEE & STEPHENS
77 PARK AVENUE
NEW YORK, N.Y. 10017

TELEPHONE (212) 826-6200
TELEX NO. 223437
BLE "SATERFIELD" NEW YORK

AUG 10 1976

ROBERT M. CALLAGY & MORVILLO
JAMES F. DWYER
BARBARA L. ZINSSER
PAUL J. POWERS

3

WASHINGTON OFFICE
1701 PENNSYLVANIA AVENUE, N.W.
(SUITE 1100)
WASHINGTON, D.C. 20006
TELEPHONE (202) 298-6358

August 9, 1976

Mr. Robert G. Morvillo
Martin, Obermaier & Morvillo
1290 Avenue of the Americas
New York, New York 10019

Dear Bob:

Thanks for your letter of August 6th. If you could put me in touch with the other Assistant U.S. Attorneys to whom you referred in your letter, I would be most grateful.

Sincerely,

Robert M. Callagy

Robert M. Callagy

RMC/cn

TO : HON. MORRIS E. LASKER
United States District Judge

FROM : ROBERT G. MORVILLO
Chief, Criminal Division
U.S. Attorney's Office

SUBJECT: Michael Hellerman

DEFENDANT

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

072

4

Pursuant to your request, the
(1) Hellerman's involvement in various security fraud matters
pending in this office and (2) Hellerman's cooperation with
this office in connection with significant organized crime
cases as well as other matters.

Imperial Investment Corp.

I assume your honor is relatively familiar with the
facts of this case, having presided over the first trial.
Hellerman purchased "the box" of 154,000 Imperial shares and
with the help of Schoengold and others created a market for
the stock and manipulated the price up to artificial levels.
As the buying came in, first from Hellerman induced customers,
then from Taylor and Goodman, eventually from Alpert and his
friends, Hellerman sold out a large number of shares first in
his own name and later using nominees.

The price of the stock ran from 0 to 24 before collaps-
ing when the Texas brokerage firm, Newton and Co., was unable
to collect payment for almost \$1,000,000 of Imperial stock
which it had purchased for Alpert, Weiss, Taylor and others.

Belmont Franchising Corp.

Hellerman, Soldano and Goodman, obtained control of
an entire public issue or "float" of Belmont Franchising Corp.
("Belmont") stock by purchasing it through George Drykerman,
the original promoter. The stock was intrinsically worthless,
but the small size of the issue and its closely held nature
made it ideal for manipulation. Hellerman directed the manipu-
lation from March through May, 1970. During this time, the
price of the stock was caused to rise from \$5 to \$42 per share
on the over-the-counter market. The essential technique was
to keep ownership of the entire issue under the control of the
conspirators, and to trade small amounts of stock back and forth
(in what appeared to be a genuine public market) at ever-
increasing rigged prices. The ultimate objective was to pay off

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

United States District Judge

DATE: November 2, 1970

FROM : ROBERT G. MORVILLO
Chief, Criminal Division
U.S. Attorney's Office

SUBJECT: Michael Hellerman

Pursuant to your request, I have attempted to outline (1) Hellerman's involvement in various security fraud matters pending in this office and (2) Hellerman's cooperation with this office in connection with significant organized crime cases as well as other matters.

Imperial Investment Corp.

I assume your honor is relatively familiar with the facts of this case, having presided over the first trial. Hellerman purchased "the box" of 154,000 Imperial shares and with the help of Schoengold and others created a market for the stock and manipulated the price up to artificial levels. As the buying came in, first from Hellerman induced customers, then from Taylor and Goodman, eventually from Alpert and his friends, Hellerman sold out a large number of shares first in his own name and later using nominees.

The price of the stock ran from 0 to 24 before collapsing when the Texas brokerage firm, Newton and Co., was unable to collect payment for almost \$1,000,000 of Imperial stock which it had purchased for Alpert, Weiss, Taylor and others.

Belmont Franchising Corp.

Hellerman, Soldano and Goodman, obtained control of an entire public issue or "float" of Belmont Franchising Corp. ("Belmont") stock by purchasing it through George Drykerman, the original promoter. The stock was intrinsically worthless, but the small size of the issue and its closely held nature made it ideal for manipulation. Hellerman directed the manipulation from March through May, 1970. During this time, the price of the stock was caused to rise from \$5 to \$42 per share on the over-the-counter market. The essential technique was to keep ownership of the entire issue under the control of the conspirators, and to trade small amounts of stock back and forth (in what appeared to be a genuine public market) at ever-increasing rigged prices. The ultimate objective was to pay off

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

MEMO TO: HON. MORRIS E. TASKER
United States District Judge

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brokers to put the inflated stock into their customers' brokerage accounts. This objective was not completely achieved because an unforeseen development caused the collapse of the market, leaving some of the conspirators holding stock which they had bought from other conspirators during the course of the scheme.

At-Your-Service-Leasing (AYSL)

AYSL, a long-term car leasing corporation, sought unsuccessfully to go public through the efforts of an underwriter called TDA Securities. At the time, AYSL's financial state could accurately be described as "go public or go bankrupt." When it became apparent that the efforts of the underwriter would not produce the desired results, by the efforts of one of the principals of AYSL, the underwriting was channelled, through substantial organized crime figures, to Hellerman. After Hellerman received authority from John Dioguardi, a/k/a Johnny Dio, Vincent "Vinnie" Alois and Sebastiano "Buster" Alois, he became an undisclosed underwriter. There was a phony closing three weeks after the issue expired, back dating of confirmations and numerous record violations by TDA who maintained the appearance that it was performing its responsibility as an underwriter. Hellerman thereafter manipulated the market. Although Hellerman handled about \$200-\$300,000, if not more, he netted somewhere around \$50-\$85,000, which according to Hellerman, was split between himself, Dioguardi, Kelsey and others. The result of the scheme was the bankruptcy of two brokerage houses, TDA, which was probably bankrupt even before the scheme and Wanderon & Co., both of whom had participated themselves in the fraud. Since only brokerage houses purchased stock, innocent investors were not hurt because no one from the public purchased the stock.

JRW:dle

MEMO TO: HON. MORRIS E. LASKER -3-
United States District Judge

GLOBUS

The Globus deal followed on the heels of the AYSL deal and was based on the lessons learned from AYSL. In this case, Hellerman was the main architect; through associates he gained control of a small brokerage house, Mayer Laufer & Co., which he intended to bankrupt. Profits from the fraudulent offer and market manipulations, were anticipated to be over one million dollars. However, at the eleventh and a half hour, the SEC stepped in and suspended trading. As a result, Hellerman netted only about \$10-\$15,000.

Computer Microdata

Computer Microdata was a computer labeling business. According to information by the SEC (whose investigation is still in progress) there was a thin float in the stock and Hellerman, Ivan Ezrine and associates manipulated the price from \$5 to \$18 in 1972. The basic manipulative device was one utilized in Belmont where a small group controlled by Hellerman traded the stock back and forth at ever increasing rigged prices. Stock was also used as collateral for bank loans to purchase additional stock. The plan was to raise the price to \$25 and then unload on the public whose interest had been whetted by the apparent flurry of activity. The SEC suspended trading in the stock when it reached \$18 and many of Hellerman's associates were stuck with the stock.

Automated Information Systems

This case, presently under investigation by our office, involves a fraudulent underwriting and subsequent manipulation on the over-the-counter market of a stock called Automated Information Systems, Inc. Basically the scheme involved

JRW:d1f

MEMO TO: HON. MORRIS E. TASKER
United States District Judge

-4-

Hellerman and associates agreeing to place 50,000 shares of this \$1 stock in return for an undisclosed payment of \$25,000. Hellerman and others sold the stock to friends with fraudulent representations and guarantees against loss in some cases. To the extent that real buyers couldn't be found Hellerman and his associates used names from the phone book. After the closing Hellerman and associates created a market and manipulated the price of the stock from \$1 to \$5 (February 1971 through June 1971) before it took a nose dive as a result of an SEC investigation.

Julius Weintraub-Jacob Landau Case

On or about the first week of December 10, 1971, Michael Hellerman and Arthur Della Rocca printed a number of cashier checks on the Societe Anonyme De Refinancement, 5 Rue De Marche, Geneva, Switzerland. Hellerman then filled out one check in the amount of \$39,000 payable to a Jack Landau. Hellerman negotiated the check with Julie Weintraub in Las Vegas. He returned to New York and asked Arthur Tortorello if he could influence the Swiss bank so that the check would not be returned to Weintraub as being fraudulent. Tortorello stated that he would try and received \$3,750 for his endeavor. Tortorello gave \$1,750 to Della Rocca who was to fix it at the bank. However the check had already reached the bank by this time and the bank had denied ever writing the check. The Bank of North America had presented the check to the Swiss Bank.

Other friends of Arthur Tortorello had during this time either stolen or fraudulently written checks in the amount of approximately \$40,000 and had placed them in checking accounts under nominee names. They then gave checks to Ron Jacobs who deposited them in his account. Tortorello wrote a \$16,000 check on Ron Jacobs' account and gave it to Hellerman to cash. Hellerman was to give \$9,000 to Weintraub and return the rest to Arthur and at that time they would split the proceeds. Hellerman gave the check to Weintraub and Weintraub kept the \$16,000.

JRW:d1f

MEMO TO: HON. HORTIS E. LASKER
United States District Judge
Erwin Layne Check Case

-5-

This case involves an attempt by Erwin Layne to fraudulently collect \$335,000 from National Bank of North America by depositing forged checks in an account at the Royal Bank of Canada, Freeport, Grand Bahama.

The account was opened by Layne in the fictitious name of "Marvin Pondick" with the assistance of an attorney, Gerald N. Capps of Freeport.

Layne was introduced to Capps by Michael Hellerman. Hellerman introduced Layne by an assumed name, but it is unclear whether that name was "Marvin Pondick" or "Edward Levine". The purpose of the introduction was to obtain Capps' assistance in opening a bank and brokerage account under Layne's assumed name. The precise purpose of the accounts is unclear, but it appears that the intention was to use the account to dispose of stolen securities.

Minute Approved Credit

Minute Approved Credit Plan, Inc. (MACP) was in the business of financing credit sales of furniture. In 1972, according to information furnished by the SEC (whose investigation is still in progress), Hellerman participated in a fraudulent underwriting of MACP stock. More particularly, he supplied nominee purchasers for 25,000 shares of MACP stock at the offering price of \$5 per share and reimbursed these "purchasers" from the proceeds of the offering, which he obtained control of by making fraudulent promises to executives of the company. In addition to this reimbursement, he appropriated to his own use other proceeds of the underwriting. In this venture he was associated with Ivan Allen Ezrine, a long-time securities violator, among others.

MEMO TO: HON. MORRIS E. TASKER
United States District Judge

-6-

Hellerman's Cooperation

Hellerman began cooperating with this office in the fall of 1970 by providing critical information about the facts of the following cases: Imperial Investment Corporation, Belmont Franchising, At Your Service Leasing and Globus. With respect to the Imperial case, Hellerman was of great assistance in identifying a number of the organized crime figures involved and in providing detailed information about the many transactions and participants involved in the scheme. This cooperation and furnishing of information about the facts of the case continued up to and through the two Imperial trials. Hellerman also provided significant information with respect to Belmont and At Your Service Leasing, once again giving essential information about the details of the frauds and the involvement of substantial organized crime figures.

During the fall of 1970, Hellerman also alerted this office to a bankruptcy fraud then in progress which resulted in the indictment of Samuel Falgiano and others. Your Honor will recall the facts from having presided over this trial. At the time Hellerman came to us with this information we had absolutely no knowledge of this fraud. Hellerman was instrumental in persuading Steven Schustek to become a government witness and kept this office closely advised of the final stages of the fraud. Because of Hellerman's information we were able to prevent Falgiano and others from cashing the \$100,000 of corporate checks at the gambling casinos.

Hellerman has now agreed to testify about the facts of all these cases both in the Grand Jury and at trial. This will include testimony against major organized crime figures including Carmine Tramunti, (Acting Head of the Luchese family); Vincent Aloï (Captain in the Colombo family), Vincent Gugliaro, (Colombo family), John Dioguardi, a/k/a Johnny Dio, Louis Ostrer, Anthony "Hickey" DiLorenzo, Buster Aloï (Colombo family), Ralph Lombardo (Colombo

MEMO TO: HON. MORRIS E. LASKER
United States District Judge

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family), Louis Astuto. Hellerman has further agreed to testify in any case in which he is requested to testify which would include those listed in the early portion of this memorandum among others. Hellerman has also agreed to provide information and testimony concerning other criminal activities by other organized crime figures the details of which are not yet known to this office. Hellerman will testify on Friday, November 3, 1972 in the Grand Jury with respect to the "At Your Service Leasing" case and with respect to perjury investigations involving the trial testimony of Tramunti, Aloï and Cugliaro at the first Imperial trial. In addition, Hellerman has in the past few weeks cooperated with the Federal Bureau of Investigation in an investigation in which he is the victim of organized crime loan sharks Edward Vassallo, a/k/a Ch Talbot (Eboli family) and Accursio "Gus" Trapani (Eboli family). In connection with that investigation we have been advised by the Federal Bureau of Investigation that Hellerman has received threats that his throat will be slit, his house bombed and similar harm will be inflicted against his wife and children. Hellerman has agreed to testify against Vassallo and Trapani in connection with the loan sharking case and also in connection with the Computer Microdata case in which these individuals were involved.

In the Fall of 1970 Hellerman came to the United States Attorney's office to volunteer information that he had been informed that through Washington an arrangement could be made to fix the Imperial case. He was encouraged by the United States Attorney's office to learn the details of this potential corrupt situation. He followed through by arranging a meeting in Washington for himself and another individual who was also under investigation by the Securities & Exchange Commission with the Administrative Assistant to United States Senator Hiram Fong. After ascertaining that Fong's Administrative Assistant claimed that he could have some affect on the Imperial case, he reported this information back to the United States Attorney's office. Upon request, he introduced an undercover F.B.I. agent into the conspiracy and thenceforth the undercover F.B.I. agent, through the use of electronic eavesdropping equipment, was able to confirm Hellerman's prior statements and was able to gather sufficient evidence to lead to the indictment of the Administrative Assistant to the United States Senator and other individuals. Hellerman was available to and had agreed to testify in this case (Carson case) if requested by the Government. It was decided that his testimony was unnecessary. However, throughout the case he did assist in providing information about the underlying transaction.

It should also be noted that Hellerman testified for the Government in the Vologhen-Schwartz case. His testimony concerned a meeting in the office of the Speaker of the House of Representatives.

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(4-23-71)

DEFENDANT
EXHIBIT *je*
U. S. DIST. COURT
S. D. OF N. Y.
E

MARTIN, OBERMAIER & MORVILLO
ATTORNEYS
1290 AVENUE OF THE AMERICAS
NEW YORK, N.Y. 10019

TELEPHONE
(212) 489 1500
CABLE LITIGATOR, NEW YORK

August 6, 1976

Robert M. Callagy, Esq.
Satterlee & Stephens
277 Park Avenue
New York, N.Y. 10017

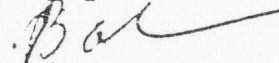
Dear Bob:

I hope my letter was not unduly alarming. The trouble I have with evaluating the Hellerman transcript along the lines you desire is that I am no longer familiar with the details of this matter.

My first impression is that the general account is accurate. However, I cannot verify this as to details. There were several details of a minor nature which appear to me to be inaccurate (at least as against my current recollection).

In the context of the above thoughts, I am aware of nothing specific which should not be published or which appears to be particularly unfair. However, in view of the hazy nature of my memory (and lack of knowledge of many of the events mentioned), I do not believe that you should place too much reliance upon this. There were other assistants who dealt with the numerous cases which are mentioned. I would be happy to put you in touch with them if you are interested.

Very truly yours,



Robert G. Morvillo

RGM:lm

Kurland, Monsour & Winn

ATTORNEYS AT LAW
415 LEXINGTON AVENUE
NEW YORK, N. Y. 10017

667-6870

EDWARD KURLAND
ROBERT L. MONSOUR
STEPHEN G. WINN
MATHEW VENER

USA 33a-475
(ED. 4-23-71)

14

DEFENDANT

EXHIBIT

U. S. DIST. COURT

S. D. OF N. Y.

F

January 29th, 1971.

United States Attorney
for the Southern District of New York
U. S. Courthouse
Foley Square
New York, N.Y.

Dear Sir:

Please be advised that I represent Merchandise Plus Incorporated, as per the attached retainer.

I am informed that you hold a check in the amount of \$80,000.00 payable to Stephen Schustek, its president, which funds, however, are corporate funds.

Demand is hereby made for the said check in behalf of my client.

You may regard this letter as a receipt therefor in behalf of Merchandise Plus Incorporated.

Upon receipt of these funds, I shall be responsible for their disposition.

Very truly yours,

Edward Kurland
EDWARD KURLAND

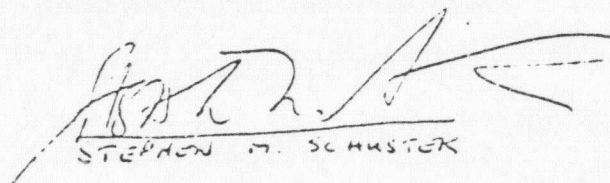
EL:rk

*Receipt of the above funds is
being acknowledged this Feb 1, 1971*

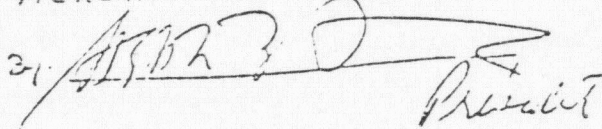
*Chk # D 6503 (to, rrs. rr)
Meridian Enterprises Limited to Stephen Schustek*

The undersigned was duly authorized
Edward Richard, Esq. 415 Lexington Ave. NYC
as attorney for Merchandise Plus Inc.
with reference to a check in the amount
of \$450,000 payable to the order of Stephen
Schuster personally but which represent
corporate funds of Merchandise Plus Inc.

Delivery to him of said check in
behalf of the corporation is hereby authorized


STEPHEN M. SCHUSTER

MERCHANDISE PLUS INC

31 
President

DEFENDANT
EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

G

Exhibit G

UNITED STATES GOVERNMENT

Memorandum

TO : Harold Baer
Robert Morvillo ✓

FROM : H. Thomas Coghill

SUBJECT: Merchandise Plus, Inc.

DATE: April 26, 1971

The attorney for the trustee in bankruptcy, Herzog (725-0001), has talked with me on several occasions concerning Merchandise Plus, Inc. I recently advised him that we had delivered on February 1, 1971 an \$80,000 check drawn payable to Stephen Schustek to an attorney for Merchandise Plus, Inc., Edward Kurland (see attached) Herzog advised me that he would contact Kurland.

On April 23, 1971, Herzog called and told me that he had spoken with Kurland and talked with a man at Bankers Trust, 750 Third Avenue, New York City, and learned the following:

- (i) Kurland picked up the \$80,000 check of Resorts International drawn payable to Stephen Schustek from this office on February 1, 1971.
- (ii) On February 2, 1971, he deposited the check in his attorneys special account at Bankers Trust, 750 Third Avenue, New York, New York. Mr. Grayson at Bankers Trust handled the transaction.
- (iii) On or about February 10, 1971, Kurland authorized the transfer of the \$80,000 to an account of Merchandise Plus that had been opened at Bankers Trust.
- (iv) Approximately ten days later Schustek withdrew all but \$23. of the \$80,000 in cash - \$100 bills.

H. T. C.



5010-108

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

Defendant's

EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y. *id*

G-1

Air Mail

February 25, 1971

FPI-MI--9-24-75-50M-4417

Mr. Stephen M. Schustek
Merchandise Plus, Inc. *D/C*
63-09 - 108th Street
Forest Hills, N. Y. 11375 *W*

Dear Mr. Schustek:

Having failed to reach you by phone since February 18, 1971, I am writing you with regard to your account, Merchandise Plus, Inc., account number 41 629 630.

We have re-evaluated our capabilities as well as our desire to handle those accounts where large cash deposits and/or withdrawals are necessitated. Our decision has been to request those customers to seek other means of facilitating their required services.

In view of the current nature of your account, we would like for you to make other arrangements to replace our services.

Your earliest reply will be most appreciated.

Very truly yours,

Paul Grayson
Assistant Manager

cc: Credit Dept. *✓*

Via Registered Mail

February 25, 1971

Mr. Stephen M. Schustak
Merchandise Plus, Inc. — *D/C*
63-09 - 108th Street
Forest Hills, N. Y. 11375

Dear Mr. Schustek:

Having failed to reach you by phone since February 18, 1971, I am writing you with regard to your account, Merchandise Plus, Inc., account number 41 629 630.

We have re-evaluated our capabilities as well as our desire to handle those accounts where large cash deposits and/or withdrawals are necessitated. Our decision has been to request those customers to seek other means of facilitating their required services.

In view of the current nature of your account, we would like for you to make other arrangements to replace our services.

Your earliest reply will be most appreciated.

Very truly yours,

Paul Grayson
Assistant Manager

cc: Credit Dept. ✓

NEW YORK

20

STATEMENT OF ACCOUNT

MERCHANDISE PLUS INC
 43-09 104TH STREET
 FOREST HILLS N Y 11375

2/08

3/04

FROM LAST
 STATEMENT

-00

46

CHECKS AND OTHER CHARGES			DEPOSITS AND OTHER CREDITS	DATE	BALANCE
79,500.00			500.00	2/08	500.00
350.00			79,500.00	2/10	500.00
125.00				2/11	150.00
				2/24	25.00
				3/04	25.00

DE CHARGE (PREVIOUS MONTH'S ACTIVITY)

DM - DEBIT MEMO

CC - CERTIFIED CHECK

CM - CREDIT MEMO

OD - OVERDRAFT

All items are credited subject to final collection and receipt of proceeds in cash or by unconditional credit to and accepted by Bankers Trust Company.

PLEASE EXAMINE STATEMENT AND ADVISE US PROMPTLY IN WRITING OF ANY EXCEPTIONS

CORPORATION, PARTNERSHIP OR UNINCORP ASSOCIATION

NAME AND TITLE OF SIGNERS

SPECIMEN SIGNATURES OF SLE 25

Sept 27 - M. Schuster, Pres.

8/12/2

NOTES: 1. ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED

BANKERS TRUST COMPANY, NEW YORK

Article 11. This corporation is authorized to open and maintain a checking account with any bank which shall be governed by usual banking practices and regulations. Any contract with or on the back hereof and any amendments hereto shall be subject to the approval of the Board of Directors.

000000

DATA

46

2-5-71

_____ PERSONAL WHITE OF CLINTON SIGNATURE

[illegible]

AMERICAN BANKING TRUST COMPANY

Paul Wagner

1 23
01 9 0 0

DEWEES TRUST COMPANY
NEW YORK

ACCOUNT OF

DATE 2/2 71

EDWARD KURLAND
SPECIAL

GOVERNMENT

id

28A

DEWEES TRUST COMPANY
NEW YORK

146 30042463 9999

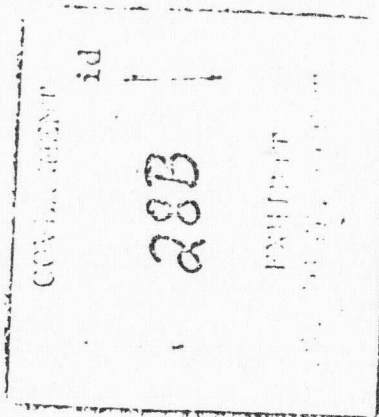
DEWEES TRUST COMPANY		NEW YORK	
DATE		2/2 71	
ACCOUNT OF		EDWARD KURLAND SPECIAL	
GOVERNMENT		id	
28A		146 30042463 9999	
TOTAL		50,000.00	

EXHIBIT
U.S. DIST. COURT

14655-AIRC 1-65

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RE



CUSTOMER'S FILE COPY

BANKERS TRUST COMPANY
750 THIRD AVENUE
NEW YORK, N. Y. 10017

We acknowledge receipt of the following
collection items subject to conditions on
reverse. Our further advice will follow.

OUR
NUMBER

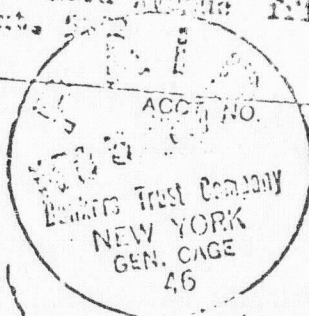
46-714

CT 463 11/71	Your Date or No.	Payer Para 100 Inter, lics Ltd.	Due night	Amount \$20,000.00
Wire Proceeds. <i>ITT</i> <i>Inter, lics</i> Mr. Eric Schmitt 750 Third Avenue New York, N.Y. Date 11/71			CORR.	
			POST. & INS.	
			COLL.	- 5 -
			\$ 77995 -	

CCT. NO.

30 042 463

Edward Marland
Special
415 Lexington Avenue
New York, New York



City National Bank of Miami Beach
306 71 Street
Miami Beach, Florida 33141
Attn: Miss Martha Gibson, Asst. Cash

CEIVED FROM

28C

CITY NATIONAL BANK
OF MIAMI BEACH

OUR NO 57978

OUR DATE 2/3/71

INSTRUMENT		DUE	AMOUNT
CK		ST	80,000.00
		EXCHANGE	5.00
		INTEREST	
		TOTAL	79,995.00
		DISCOUNT	
		COLLECTION CHARGES	
		NET AMOUNT	

ATTN: MIE STAFF

RECEIVED
FEB 4 1971
71 FEB -4

WCCD 005 IX COLLECT

TDMZ TLX MIAMI BEACH FLO FEB 3 351P EST

EICO, ATTN MARIE SCHWIND

750 3 AVE

YOUR REF 46 87194 REMITTING TODAY OUR CHECK DRAWN ON MEFGS HANOVER

TRUST CO NEW YORK FOR 79,995.00

CITY NATIONAL BANK OF MIAMI BEACH ROBERT H BRITCHER

737A EST FEB 4.

Excluded
KORLAND
KORLAND
Special

MS
Schwind
2nd
OK

ENT

JAN 10 1973

DEFENDANT

27

DEFENDANT

EXHIBIT

U. S. DIST. COURT

S. D. OF N. Y.

DATE: January 8, 1973

use of several interviews Hellerman volunteered information which indicates his involvement in the following criminal activity.

1. Four or five years ago Hellerman acted as a middleman in passing \$150,000 stolen treasury bills from one party to another party for cashing. Bills were never cashed. Hellerman arrested by New York County detectives. Hellerman paid money to an investigator who advised him that it was used to take care of the cops on the case. New York County District Attorney's Office investigated matter but did not prosecute.

2. Hellerman purchased stolen credit card from Tony Soldano and used it to pay for Marty Roth's honeymoon cruise.

3. Tabbys stock fraud. The SEC investigated this matter and treated as a civil matter.

4. Hellerman has purchased stolen dresses, shirts and jewelry.

5. In 1968 Hellerman paid off a union representative for labor peace in connection with his restaurant. Hellerman also participated in negotiations for a similar payoff by another restaurant owner.

6. In connection with civil matters, Hellerman has paid money to lawyers some of which money he was told was used to pay off, in one instance, an S.L.A. investigator, in two instances, state court judges, and in another instance a union official.

7. Hellerman participated in scheme to print up counterfeit bank check in amount of \$30,000 and cash it with diamond merchandise.

J.R.W.

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

UNITED STATES GOVERNMENT

RW:dlf

Memorandum

DEFENDANT

JAN 10 1973

06/25R

TO : MR. McGUIRE

DATE: January 3, 1973

FROM : MR. WING

SUBJECT: Hellerman

In the course of several interviews Hellerman volunteered information which indicates his involvement in the following criminal activity.

1. Four or five years ago Hellerman acted as a middleman in passing \$150,000 stolen treasury bills from one party to another party for cashing. Bills were never cashed. Hellerman arrested by New York County detectives. Hellerman paid money to an investigator who advised him that it was used to take care of the cops on the case. New York County District Attorney's Office investigated matter but did not prosecute.

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7. Hellerman participated in scheme to print up counterfeit bank check in amount of \$30,000 and cash it with diamond merchant.

J.R.W.

JML:dif

-2-

8. Holloman participated in scheme to help an individual evade income taxes by writing a corporate check to a fictitious paint company and receiving back part of the cash proceeds of the check.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

LOUIS OSTRER,

Petitioner,

v.

UNITED STATES OF AMERICA,

Respondent.

77 Civ. 1805 (CLB)

PETITIONER'S SUPPLEMENTAL EXHIBITS

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Local counsel to Louis Ostrer

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United States v. Aloï, et ali
(At-Your-Service Leasing case)
Docket No. 73-CR-699 (Judge Knapp)
- II. Portions of trial transcript,
United States v. Koss
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Docket No. 73-CR-903
- III. Portions of trial transcript,
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- IV. Portions of trial transcript,
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- VI. United States v. Falgiano et al., Docket No. 71-CR-499 (MEL)
(Natco/Merchandise Plus bankruptcy fraud trial)
- VII. In the Matter of Natco Beauty Supply Center, Inc., Bankrupt.
(United States District Court, Southern District of N.Y.)
Bankruptcy No. 71-B-76
(Before Hon. Boris Radoyevich, Bankruptcy Judge)
- VIII. Portions of trial transcript,
United States v. Weissman et ali.
(Automated Information Systems case, second trial)
Docket No. 73-CR-903

SUPPLEMENTAL EXHIBIT I

Portions of trial transcript,
United States v. Aloi, et al.
(At-Your-Service Leasing case)
Docket No. 73-CR-699 (Judge Knapp)

Pages numbered (in original trial transcript):

1819-1820
1975
2102-2103
2515-2516

Hellerman on November 3, 1972.

3595 is the grand jury testimony of Michael Hellerman on March 22, 1973.

3596 is a memorandum decision of Judge Lasker in connection with the reduction of sentence of Michael Hellerman.

3597 is the agreement between Michael Hellerman and U.S. Attorney's office regarding his cooperation, protection and restitution to victims of his crimes.

3598 is notice of motion for a reduction of sentence filed by Vincent L. Broderick on behalf of Michael Hellerman.

3599 is the transcript of the proceedings before Judge Lasker in connection with the application to reduce the sentence.

3600 is an interview of this defendant by agents of the IRS on February 5, 1973, regarding the sky-locking activities of the defendant Lombardo.

3601 is a memorandum to Judge Lasker from Robert G. Morvillo in connection with the sentencing of Michael Hellerman. The memorandum is dated November 2, 1972.

3502 is a memorandum from Mr. Wing to Mr. McGuire dated January 8, 1973, relating to information volunteered

by Helleman which indicates his involvement in the following criminal activity.

3503 is Helleman's charge in connection with this case, information 72 Cr. 1206, that is, the charge relating to the At Your Service Leasing case.

3604 are undated notes of James Schreiber.

3605 are notes of Schreiber on 7/9/73 and 7/10/73, I believe.

And 3606 is an affidavit of Michael Helleman dated March 26, 1973.

MR. GOLDBERG: Let the record show that I am handing Mr. Schreiber a subpoena directed to Ira Schreiber calling for him to appear on November 28, 1973, at 10 A.M.

(Adjourned to November 19, 1973, at 10 A.M.)

which he violated, and he was subsequently prosecuted for additional prosecutions for Belmont and At-Your-Service Leasing because he violated the agreement.

In addition, the prior agreement was he did not have to testify. He had to testify truthfully because he had to pay restitution.

THE COURT: How did he pay restitution?

MR. SCHREIBER: \$100,000 to the victims.

THE COURT: Where is he getting the money from?

MR. SCHREIBER: He is obligated by a sentence before Judge Lasker to pay \$100,000.

MR. LITTLEFIELD: When he gets a new job.

THE COURT: Is this realistic? Has he got the power to do it?

MR. SCHREIBER: In any event, whether it is realistic or no, that was one of the requirements. There came a time during the summer -- when was this cruise?

MR. GOLDBERG: February of '71, maybe, prior to the Imperial trial.

When was the Imperial trial?

MR. SCHREIBER: The first Imperial trial?

MR. GOLDBERG: Yes.

MR. SCHREIBER: End of December. This was no when he was not violating it.

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DATE 11-11-81 BY SP-5 JWC

ALL INFORMATION CONTAINED HEREIN IS UNCLASSIFIED DATE 11-11-81 BY SP-5 JWC

2 that we were making.

3 Q All right. Now, sir, just to fix the time once
4 again, it is November of '70 when you were in that office
5 of Mr. Morvillo; right?

6 A Approximately. It could be September, it could
7 be November.

8 Q All right. Now, isn't it true that from on or
9 about August 1, 1970, before you went into Mr. Morvillo's
10 office, you were involved in a conspiracy to use extortio
11 ate means, threats of physical harm to the person and
12 reputation of people connected with Nafco Beauty Supply
13 Center, Inc. and Merchandise Plus, Inc.? Isn't that so?

14 A I can't fix the date I was involved and I reported
15 it to the government.

16 Q You reported it to the government?

17 A Yes, and I told the government about it and that
18 how the fraud was stopped. That's how \$100,000 was saved
19 from being taken out of the company by my telling the
20 government about it.

21 Q I am going to ask you this question. Why did you
22 tell the government?

23 A I made a deal with Mr. Morvillo to cooperate with
24 the government at that time. I told you I stayed straight.
25 I didn't commit any more criminal acts for approximately e

2 nine -- a year. I stayed straight. I didn't do anything.

3 Q But then you came back strong; is that correct?

4 A Unfortunately.

5 Q Now, weren't you involved as one of the parti-
6 cipants in this extortion of Masco Beauty Supply Center
7 and Merchandise Plus as an actual participant from
8 August 1, 1970?

9 A I didn't have anything to do with extortion.
10 I think it was bankruptcy fraud.

11 Q Bankruptcy fraud?

12 A Yes, but I was not involved --

13 Q Well --

14 MR. SCHREIBER: Let him finish.

15 THE COURT: Yes.

16 A I wasn't involved, but as soon as I made my
17 understanding with Mr. Morvillo I told Mr. Morvillo about
18 this and I told the FBI about this.

19 Q This was after you had already committed crimes
20 in connection with it; isn't that so?

21 A I told Mr. Morvillo the same time I made my
22 understanding with Mr. Morvillo.

23 THE COURT: The question is before you told Mr.
24 Morvillo had you been involved.

25 THE WITNESS: Oh, yes.

about being afraid of anybody. Nobody would know what I told Mr. Morvillo, and I didn't have to testify, and so I wouldn't be in any danger in jail, and my liability was only two years.

Q And you felt you could do the two years.

A I felt there was no problem, yes.

Q And you wanted to keep your liability at two years, is that right? You didn't want the liability to go up.

A No, of course not.

Q But you committed more crimes, is that right?

A Yes, sir.

Q And, as you committed more crimes, are you telling this jury that you didn't think that in light of the fact that you had violated your promise to Morvillo after he promised you the possibility of a two-year sentence that you stood a serious risk now of getting much more time?

A Sure, I thought about it.

Q Right. And you said to yourself, in words or substance, "Jails are not meant for me," did you?

A No.

Q Well, didn't you tell me on direct that if you totaled up all the time that you could have gotten

JOHN J. HART COUNTY ATTORNEY

STATE HOUSE

701 W. MAIN ST. Rm. 2007 TELEPHONE PORTLAND 7-4580

Best Copy Available

for the cases that you violated the law, it would be more than the sum total of all of us here in the courtroom, in other words our years of life?

A I could have if the judge sentenced me consecutively.

Q You could have, right, spent the rest of your life in jail? Right?

A If he sentenced me consecutively.

Q But that thought came to your head, is that right?

A Not as far as being sentenced consecutively.

Q But, Michael Welleman, you graduated college, is that correct?

THE COURT: Don't argue with him.

MR. GOLDBERG: All right.

Q You attended law school, is that right?

A Six months, yes.

Q And in the course of your commission of various crimes you became sort of familiar with the criminal law, is that a fair statement?

A No, sir.

Q Now I want to ask you something. After you left Morvillo's office -- and, by the way, when you were in Morvillo's office in November of 1970, you told him about

JOHN J. DISTRICT COURT REPORTERS

UNITED STATES COURT HOUSE

100 N. ADAMS, N.Y. 10013 TELEPHONE: (212) 745500

SUPPLEMENTAL EXHIBIT II

Portions of trial transcript,
United States v. Koss
(Automated Information Systems, first trial)
Docket No. 73-CR-903

Pages numbered (in original trial transcript):

128
288-298
311-313
350-377
402-403

1 op5

Hellerman-direct

2 This was the base discussion at the first meet-
3 ing.

4 Q Mr. Hellerman, during the period from approxi-
5 mately January 30th to February 13, 1971, where were you?

6 A On a cruise.

7 Q What was the ship?

8 A The OH II.

9 Q When you got back from this trip, did you have
10 another meeting with Mr. Levine?

11 A Yes, I did, sir.

12 Q Where was that meeting, Mr. Hellerman?

13 A At the New Gatsby's, the same restaurant that
14 we had the first meeting.

15 Q Who was present?

16 A Mr. Murray Taylor, Mr. Levine and myself.

17 Q Now, tell us, please, what the conversation was
18 at that meeting between you, Mr. Levine and Mr. Taylor.

19 A Mr. Levine said, he explained to me that he hadn't
20 gotten back to me after the first meeting because Mr. Koss
21 didn't want to go along with giving up his 15,000 shares
22 of stock, but he came to me this time because they weren't
23 able to sell any more stock. They weren't able to sell
24 the other 50,000 shares in the issue and Mr. Santis, the
25 president of the company, needed the money to operate his

gtrf 3

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MR. SORKIN: We have no objection.

MR. SWEET: Thank you.

THE COURT: You may be excused.

Tell Mr. Hecht, Alternate Juror No. 1, to move into Mr. Sweet's seat.

(Mr. Sweet left the robing room at this time.)

THE COURT: I have a sentencing which I have to take care of, but Mr. Berman, the attorney, wants to see the presentence report. I would rather have that first.

MR. SORKIN: May I just bring one thing up. I am sorry I didn't bring it up yesterday.

With respect to Mr. Hellerman, during the time that he was in federal custody --

MR. WILE: No, he was not in custody.

MR. SORKIN: He was not in custody at the time. He went to Switzerland. That has been brought up before. I concede that part of the trip to Switzerland was a vacation. On the other hand, an equal part of the trip to Switzerland was to find a place for relocation because of the threats upon his life.

THE COURT: How about getting a numbered Swiss bank account?

MR. HUFF: It is relocating closer to his funds.

MR. PANZER: That is going to be one of my questions.

1. gtrf 4

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2. THE COURT: It is perfectly obvious, isn't it,
3. Mr. Sorkin?

4. MR. SORKIN: It is and I have no objection to
5. bringing it up. We sincerely believe one of the reasons is
6. to get out of the United States to look for a place in Europe.

7. THE COURT: Sure, that is where his money would
8. be.

9. MR. SORKIN: Also to get away from the threats
10. upon his life.

11. THE COURT: As long as it contains an element that
12. is helpful to the defense as to this man's credibility,
13. obviously they are going to be free to inquire about it.

14. MR. SORKIN: I have no problem.

15. THE COURT: What is your problem in raising it?

16. MR. SORKIN: On redirect, will I be limited? I know
17. we stayed away from organized crime and even in this
18. particular case there were, as I indicated at the side
19. bar yesterday, there were very strong indications that
20. there were elements of that nature in this case.

21. On redirect, will I be permitted to ask him
22. was one of the reasons he went to Switzerland to see if
23. he could find a place to live?

24. THE COURT: I think that is perfectly fair. If
25. they are going to be going into the reasons he went, you

1 gtrf 5

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2 have a right to redirect.

3 I would assume that in answer to the questions
4 on cross he is going to get it out.

5 MR. SORKIN: But you have instructed me, your
6 Honor, not to tell him to tell them.

7 THE COURT: I didn't instruct you to gag him to
8 the extent that he could be hit on one side without telling
9 the other side of the coin. We made that clear when we
10 started.

11 MR. SORKIN: Very well.

12 THE COURT: If they want to ask him the question
13 about the Swiss visit, they have opened the door to all
14 the reasons he can give them as to why he went there,
15 including the one that he wanted to get relocated and
16 including the one that he wanted to get closer to the
17 source of his funds.

18 MR. SORKIN: If that is the case.

19 THE COURT: I don't know.

20 MR. MITCHELL: But, your Honor, there is just
21 one question --

22 THE COURT: It seems to me Switzerland is a
23 great place to go with his background.

24 MR. PANZER: Will he be able to say he was
25 in fear of organized crime?

1 gtrf 6

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2 THE COURT: Obviously.

3 I don't like the word organized crime, in fear of
4 his life for having testified here. I don't think he has
5 to put the word organized crime in, because that is fishing.

6 MR. SORKIN: Correct.

7 THE COURT: You better tell him that.

8 MR. MITCHELL: Your Honor, will he be limited, even
9 if it came out that he was in fear of his life because of his
10 testifying in other cases, it has nothing to do with this
11 case.

12 MR. SORKIN: That is not entirely accurate, Mr.
13 Mitchell.

14 THE COURT: Absolutely.

15 MR. SORKIN: There is also a person in this
16 particular case who Mr. Hellerman has a justifiable fear
17 about.

18 THE COURT: Sure, and you know it and I know it.
19 It is perfectly obvious just from sitting out there listening
20 to the trial.

21 Come on, Mr. Mitchell.

22 MR. SORKIN: Your Honor, there is one other thing.

23 When I spoke to Mr. Weissberg after the lunch
24 break, he told me he would be spending at least one full day
25 cross examining Mr. Hellerman and then with Mr. Panzer's

1 gtrf 7

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2 cross I anticipated that all of today would be taken up
3 with the cross examination of Mr. Hellerman.

4 THE COURT: He told me last night he has
5 an hour to go.

6 MR. SORKIN: Last night he turned to an hour. As
7 a result, your Honor, whereas we had not intended to call any
8 witnesses this afternoon, last night after court we had to
9 get witnesses and as a result we could not turn over the
10 3500 material last night until this morning, which
11 I have turned over. I have turned over the 3500 material
12 this morning.

13 MR. PANZER: I just would like an opportunity to
14 read it.

15 THE COURT: You have it now and you have lunch
16 time to read it.

17 MR. PANZER: All right.

18 THE COURT: All right. As soon as Berman is ready
19 for the sentence, we will go out and do the sentence and
20 then resume the trial.

21 (Recess.)

22 (In open court.)

23 (Jury present.)
24
25

1 gtrf 8

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2 M I C H A E L H E L L E R M A N, resumed the
3 stand and testified further as follows:

4 THE CLERK: Mr. Hellerman, the Court wishes you
5 to know that you are still under oath.

6 (Alternate Juror No. 1, being first duly sworn,
7 assumed the seat of Juror No. 11.)

8 THE COURT: You may proceed.

9 CROSS EXAMINATION

10 BY MR. WEISSBERG (Continued):

11 Q Did you testify before a federal grand jury about
12 your actions in the sale of shares of Automated Information
13 Systems?

14 A No, sir.

15 Q Did you testify under oath before the Securities
16 and Exchange Commission about your actions in the sale of
17 shares of Automated Information Systems?

18 A No, sir.

19 Q Did you testify under oath before any other agency
20 of the Federal Government about your actions in the sale of
21 shares of Automated Information Systems?

22 A No, sir.

23 Q Did you make any written statement to any agency
24 of the Federal Government about your actions in the sale of
25 shares of Automated Information Systems?

1 gtrf 9

Hellerman - cross

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2 A No, sir.

3 Q Did you talk to any official or employee of the
4 Federal Government about your actions in the sale of shares
5 of Automated Information Systems?

6 A Yes, sir.

7 Q State the name of each federal officer or employee
8 to whom you talked and the date and place at which you so
9 talked?

10 THE COURT: I don't think a date and place are
11 necessary for the purposes of your question.

12 MR. WEISSBERG: Very well, your Honor.

13 Q Will you tell us the names?

14 A Mr. Robert Morvillo, Mr. Sorkin, Mr. Wile -- these
15 are Assistant United States Attorneys --

16 Q When for the first time did you talk to any of
17 these people?

18 A Excuse me --

19 THE COURT: He hasn't finished his answer.

20 A A Mr. Doonan, who is an investigator for the United
21 States Attorney's office.

22 Q When for the first time did you talk to any of
23 these people?

24 A Approximately May or June of 1971 is when I spoke
25 to Mr. Morvillo.

1 gtrf 10

Hellerman - cross

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2 Q At that time were you still trying to push up the
3 stock of Automated Information Systems?

4 A No, sir.

5 Q Did you tell the people you have named who
6 cooperated with you in pushing up the stock of Automated
7 Information Systems that you would push up the stock to \$20
8 per share?

9 MR. SORKIN: I don't understand the question,
10 your Honor.

11 THE WITNESS: Neither do I, sir.

12 THE COURT: Do you want to reframe your question,
13 Mr. Weissberg?

14 MR. WEISSBERG: Yes.

15 Q Did you say that it was your objective to increase
16 the price of shares of Automated to \$20?

17 A I told them I was going to juggle the stock up
18 as high as I can make it. I think it could be 20, 25, 18.

19 Q You did say that?

20 A As high as I could jiggle up the stock.

21 Q You did say that? --

22 A Yes, sir.

23 Q And to whom did you say it?

24 A Many, many people.

25 Q Actually, how high up did you jiggle the stock

1 gtrf 11

Hellerman - cross

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2 of Automated?

3 A I think the high was between \$5 and \$6, sir.

4 Q When was it that you obtained 5,000 shares of stock
5 from Theodore Koss?

6 A It was after the meeting in the Carriage House
7 in New York when I asked Mr. Koss to come to the Carriage
8 House to discuss how we would get paid for the stock and we
9 had a big argument and then I asked Mr. Koss if he would
10 trust Mr. Layne with the 5,000 shares of stock and he
11 finally agreed to trust Mr. Layne with the 5,000 shares of
12 stock, and I asked Mr. Layne to please go down and pick up
13 the 5,000 shares of stock and Mr. Layne brought me back the
14 5,000 shares and then I paid Mr. Koss the \$7,500 over the
15 next few days or the next week in periodic payments.

16 THE COURT: When would you say that first payment
17 occurred?

18 THE WITNESS: Somewhere around April 22nd,
19 April 25th, around that date.

20 Q And then the next month you talked to Mr. Morvillo
21 of the United States Attorney's office, isn't that correct?

22 A Approximately May or June, correct, sir.

23 Q What was it that caused you to talk to Mr. Morvillo?

24 A Well, I knew with all the wooden tickets Mr. Layne
25

gtrf 12

Hellerman - cross

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1 and Mr. Taylor were putting into the buying of the stock
2 there was no more power to buy the stock and I knew
3 that the deal would get in trouble, so to try to protect my-
4 self I spoke to Mr. Morvillo and told him the whole story,
5 but I put all the blame on Murray Taylor rather than put
6 the blame on myself.
7

8 Q Well, after you talked to Mr. Morvillo, did you
9 stop pushing the stock?

10 A Well, there was no more buying power. Yes. We
11 would try to get out of the stock, but you asked me if I was
12 trying to push the stock up. I wasn't trying to push the
13 stock up, if I could get out of more shares or make more money
14 I would have, but I don't -- I can't correlate the date of
15 talking to Mr. Morvillo if I sold any other stock after
16 that. I don't believe I did.

17 Q When you talked to Mr. Morvillo, did you also
18 turn over to him any records?

19 A No, sir.

20 Q Did you have any records to turn over?

21 A I never kept the records. I told you that. Mr.
22 Taylor kept most of the records. All I was interested
23 in was knowing how many shares of stock was sold each week
24 so we would get the proceeds at the end of the following
25 week.

1 gtrf 13

Hellerman - cross

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2 Q Did you tell Mr. Morvillo that Koss delivered
3 physical stock 7,000 to 8,000 shares to you?

4 A I don't remember what I told Mr. Morvillo in
5 relation to Mr. Koss, except that he was in the deal, and
6 most of the conversation as I remember --

7 MR. WEISSBERG: I wish to strike out everything
8 after the words "I don't remember," and I ask that the wit-
9 ness be instructed.

10 THE COURT: Just don't volunteer anything, Mr.
11 Hellerman.

12 THE COURT: Yes, sir.

13 Q Is it possible that you did say that to Mr.
14 Morvillo?

15 MR. SORKIN: Objection as to form, your Honor.

16 THE COURT: Overruled.

17 A I don't know what I said to Mr. Morvillo, sir, as
18 far as relation of how many shares were delivered to Mr.
19 Koss or if I even told him about it.

20 MR. WEISSBERG: I move to strike out everything
21 after "I don't remember."

22 THE COURT: Overruled.

23 MR. WEISSBERG: I ask that certain papers given
24 me, 3500 material, be marked as Defendant Koss' Exhibit for
25 identification.

mcp6

Hellerman-cross

THE COURT: It doesn't make any difference.

Q How old are you?

A 36, sir.

Q How much formal education have you had?

A College education.

Q By 1971 how much experience had you had in the securities business by way of employment or as a principal?

MR. WEISSBERG: I withdraw the question. I have no more questions.

THE COURT: Mr. Mitchell.

CROSS EXAMINATION

BY MR. MITCHELL:

Q Mr. Hellerman, at the time of the Automated deal you were trying very much to see that nobody learned of your part in the Automated deal; is that right?

A Yes, sir.

Q In addition to the usual secrecy in the deals you had the feeling that the United States Attorney might find out, after you had promised him to stay out of the securities business, that you went back in; is that right?

A Not so much that, sir. I already made my first agreement with Mr. Morvillo. I was a government informant and I told Mr. Morvillo that if I didn't act like I was in this deal that people would think something

mcp7

Hellerman-cross

1 was wrong, that Michael Hellerman was not doing any deals.
2 Mr. Morvillo told me that I could watch the deal and not
3 to do anything wrong in the deal, not participate, just
4 watch it, and if I did anything wrong I would be prosecuted
5 for it, and it was my greed that made me make money out of
6 the deal.
7

8 MR. SORKIN: I am going to ask several defense
9 counsel and defendants not to smile or smirk at Mr.
10 Hellerman's testimony when he refers to certain discussions
11 that he had with Mr. Morvillo.

12 THE COURT: All right.

13 Q Did you tell Mr. Morvillo that you were breaking
14 your word and you were participating in a deal?

15 A No, I did not.

16 Q Did you report to Mr. Morvillo that the deal
17 was going on?

18 A Yes, sir.

19 Q Did you give him the names of the people who
20 were in it?

21 A Yes, sir.

22 Q When did you make that report?

23 A At the end of May, beginning of June.

24 Q Of what year?

25 A 1971, sir.

1 mcp8

Hellerman-cross

2 Q Did Mr. Morvillo take notes of who was participat-
3 ing in the deal?

4 A I don't know what wrote down.

5 Q He was writing something down?

6 A I saw him jotting down a few things, yes, sir.
7 He had a pencil and paper.

8 MR. MITCHELL: May we have those notes?

9 MR. SORKIN: 3500-B. Your Honor, the legible
10 copy was turned over to Mr. Weissberg and he has it in his
11 possession now.

12 THE COURT: All right. Do you need a legible
13 copy, Mr. Mitchell?

14 MR. MITCHELL: Yes.

15 THE COURT: Do you have it now?

16 MR. MITCHELL: Yes.

17 Q At that time did you tell Mr. Morvillo about
18 Adlman and Kolbert?

19 A I don't remember exactly what I told him, but
20 it is very reasonable that I could have because they were
21 part of the deal.

22 Q When you hired Mr. Adlman and Mr. Kolbert did
23 you report that to Mr. Morvillo?

24 A I didn't speak to Mr. Morvillo, I told you,
25 till the end of May or the beginning of June, and I told

1 mcp Hellerman-cross 350
2 used people; right?
3 A Yes, sir.
4 Q You conned people, right?
5 A Yes, sir.
6 Q You used your mother; right?
7 A No, sir.
8 Q Isn't it a fact that you used a hundred thousand
9 dollars of your mother's money in stock swindles?
10 A You said that my mother -- that I made my mother
11 participate in a stock swindle. I have used her money.
12 Q You used her money?
13 A Yes, sir.
14 Q You didn't use her, you just used her money?
15 A Yes, sir.
16 Q How old is your mother?
17 A 60, 61.
18 Q You took the \$100,000 to commit a stock swindle;
19 right?
20 A Yes, sir.
21 Q No hesitation about that; right?
22 MR. SORKIN: Objection, your Honor.
23 THE COURT: Sustained.
24 Q Now, Mr. Hellerman, isn't it a fact that in 1969
25 as a result of your stock swindles you earned approximately

1 mcp

Hellerman-cross

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2 \$471,000?

3 A I reported to the government on my --

4 Q I didn't ask you what you reported. I asked
5 you how much you earned.

6 THE COURT: Did you or did you not earn that much
7 money?

8 THE WITNESS: Your Honor, may I --

9 THE COURT: He is asking you, did you earn
10 \$471,000. The answer is yes or no.

11 THE WITNESS: No.

12 Q Maybe I can refresh your recollection. Same
13 transcript, page 2011, starting on line 22, ending on line
14 24.

15 Q Do you remember being questioned again by Mr.
16 Goldberg?

17 A What do you mean by "again"?

18 Q With respect to the case which we just talked
19 about.

20 A Yes.

21 Q Do you remember being asked this question:

22 'Q All right, let's go on a little more. You were
23 broke, sir. Isn't it a fact that in the year 1969 --
24 let me take you from 1969 to 1972 -- 1969 you earned
25 \$471,000?"

mcp Hellerman-cross

That was the question, Mr. Hellerman.

"A Yes, sir."

Were you asked that question and did you give that answer?

A Yes, sir.

Q Under oath?

A Yes, sir..

Q Is it also a fact, Mr. Hellerman, that in 1970 as a result of your stock swindles you earned \$100,000?

A I reported in my income tax \$100,000.

Q I didn't ask you what you reported. I asked you, did you earn \$100,000? That is all. That calls for a simple yes or no answer.

A I can't answer that yes or no.

Q You can't answer it yes or no?

A Would you like me to explain? I will be glad to explain.

Q I don't want you to explain. I don't want to buy any stock and I don't want you to explain.

MR. SORKIN: Objection.

THE COURT: You will go out of here so fast you won't know what hit you if you do that again.

MR. PANZER: I apologize, your Honor.

Q In the same proceeding were you asked this

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Hellerman-cross

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question and did you give this answer?

MR. SORKIN: If this is to refresh his recollection, he said he can't answer it yes or no.

Q Is it true in 1970 that you reported \$100,000 in earned money?

A Yes, sir.

Q Was that \$100,000 as a result of stock swindles?

A. Yes, sir.

Q Is it true in 1971 that you again reported \$100,000 in income?

A Yes, sir.

Q And is it also true that that was the result of stock swindles?

A Yes, sir.

Q Is it also true in 1972 that you earned \$375,000 as a result of stock swindles?

MR. SORKIN: He said 1971 reported. Now he is back to earned.

THE COURT: All right.

"17. SORET": He has been using earned.

THE COURT: You may be misleading the witness by shifting the form of your question.

MR. PANZER: Yes, but --

THE COURT: You are going to have the same answer

Hellerman-cross

ncp

and then we will get into the same hassle.

Q Did you report that you earned \$375,000 in 1972?

A Yes, I did, sir.

Q And is it a fact that that money came as a result of stock swindles?

A Yes.

Q So that if we total all the years 1969 to 1972, you earned well over a million dollars: right?

A Reported.

THE COURT: Reported in his income tax.

Q You reported that?

A Yes, sir.

Q A million dollars of stock swindles?

A Yes, sir.

Q And I believe when Mr. Sorkin was questioning you you said you paid some of that money back, right, that you made?

A I paid a lot of that money to a lot of my partners in the deal.

Q I am talking about the public. When you made a million dollars the public was defrauded?

I don't want --

MR. SORKIN: That is not his question.

THE COURT: Wait a second. Reframe your question

mcp

Hollerman-cross

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Mr. Panzer.

MR. PANZER: All right.

Q You say you reported to the government over \$1,000,000?

A Yes, sir.

Q That you made as a result of stock swindles?

A Yes, sir.

Q How much did you pay the government?

A The government, I didn't pay it.

Q You didn't pay them a dime?

A No, sir.

Q Let me ask you another question, Mr. Hollerman: in the course of conning people with respect to these stock swindles, did you ever tell them that your picture was on the cover of Time Magazine?

A Yes, sir.

Q That was part of your con; right?

A Yes, sir.

Q Your photograph was never on Time Magazine; right?

A No. I only told them if they asked me.

Q You told them?

A I didn't deny it.

Q That was a lie; right?

recd Hollerman-cross

1

2

A Yes, sir.

3

Q And out-and-out lie?

4

A Yes, sir.

5

6

Q Isn't it also true that in some of your stock swindles you used your sister and your brother-in-law?

7

MR. SORKIN: Objection.

8

9

10

THE COURT: I don't understand what you mean by 'used.' Did he borrow money from them using it in swindles or did he put them into swindles? There is a difference between the two.

11

12

Q You used their names; right?

13

A Yes, sir.

14

Q You used their names as fronts?

15

A Nominees.

16

Q Nominees?

17

A Yes, sir.

18

Q To help along in your stock swindles; right?

19

A I used their names.

20

21

Q That didn't stop you; you wanted to make some money; right?

22

A Yes, sir.

23

24

Q Have you got a cousin by the name of Ira Schultz?

25

A Yes, sir.

1 MCP

Hollerman-cross

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2 Q Is he in the brokerage business or was he in the
3 brokerage business?

4 A Yes, sir.

5 Q Did he take your word with respect to stocks?

6 A I don't understand what you mean by my word, sir.

7 Q Did you also use him in some of your stock
8 swindles?

9 MR. SORKIN: Objection as to the word "use."

10 THE COURT: Sustained.

11 Q Did you cause his firm to buy the stocks that
12 you were involved in?

13 MR. SORKIN: Objection as to "caused."

14 THE COURT: I will allow that.

15 A Caused his firm? No.

16 Q Did you cause him?

17 A I paid him under the table to buy some stocks.

18 Q You paid him under the table?

19 A I paid him cash to buy stocks.

20 Q He is not in the stock business any more?

21 A I don't think so.

22 Q As part of your con, you know, the part to move
23 along your --

24 A Excuse me. When you say con are you talking
25 about -- when I say to you, yes, I'm a con artist with

mcp

Hellerman-cross

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1 legitimate people that I conned to buy the stock. When
2 you talk about brokers or talk about people that participate
3 they weren't conned. They got the money. They knew
4 why they were buying the stock. They got the stock.
5 They weren't conned.
6

7 Q You corrected them, right?

8 MR. SORKIN: Objection.

9 THE COURT: Sustained.

10 Could you also say they were corrupt?

11 MR. PANZER: That is true, too.

12 Q You participated in a stock swindle called
13 "Minute Approved Credit: right?

14 A Yes, sir.

15 Q In that case you bribed brokers also, right, to
16 purchase the stock?

17 A No, sir.

18 Q You didn't?

19 A Not "Minute Approved, no, sir, I did not bribe
20 brokers to purchase the stock in "Minute Approved Credit.

21 Q I am going to try to refresh your recollection.

22 MR. SORKIN: What transcript is that?

23 MR. PANZER: Same one I referred to before.

24 Q At Your Service Leasing is what I meant. Did
25 you bribe brokers in At Your Service Leasing to push the

1 MCP

Kellerman-cross

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2 stock?

3 A Yes, sir, not Minute Approved.

4 Q I am questioning you about At Your Service
5 Leasing.

6 A Yes, sir.

7 Q You bribed brokers?

8 A Yes, sir.

9 Q You know when you bribed brokers that people
10 would be cheated?

11 A Yes, sir.

12 Q You knew that the public would lose money?

13 A Yes.

14 Q You didn't care, did you?

15 A Not at the time.

16 Q You agreed?

17 A Yes, sir.

18 Q You wanted to make money?

19 A Yes, sir.

20 Q But you did participate in the stock manipulation
21 of Minute Approved Credit?

22 A It wasn't a stock manipulation. It was a place
23 in the offering. There was no manipulation of the
24 market.

25 Q It was a fraud?

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A Yes.

Q Were you involved?

A Yes, sir.

Q I believe you said when Mr. Corkin was questioning you that you pleaded guilty to three stock swindles?

A Yes, sir.

Q I believe you said the first one was Imperial Investment Corporation?

A Yes, sir.

Q And the second one was Belmont Franchising?

A Yes, sir.

Q And the third one was At Your Service Leasing right?

A Yes, sir.

Q In the Imperial Investment Corporation swindle how many counts did you plead to in that indictment?

A One count.

Q What could the maximum sentence be that you could have gotten under that count?

A Two years.

Q How many counts were there in that indictment?

MR. CORKIN: Objection.

THE COURT: Against this defendant?

MR. PANZER: Against this defendant.

recp

Hollerman-cross

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1 THE COURT: Overruled.

2
3 A I don't know how many against me. The total in
4 the indictment was about 70.

5 Q 70?

6 THE COURT: He does not know how many were
7 against him. That is what you are limited to.

8 Q You were a prime mover with respect to Imperial;
9 right?

10 A Yes, sir.

11 THE COURT: That isn't the question. It is
12 how many.

13 Q Would you say that you were named in at least 40
14 of those counts; would that be a fair representation?

15 A I don't know exactly, but I would guess. I don't
16 know exactly, but if I would guess -- I don't know exactly,
17 though.

18 Q Give me your best guess.

19 MR. SORKIN: Objection. There is a record in
20 this courthouse.

21 THE COURT: He has a right to ask the witness.

22 Q How many counts in the indictment against you?

23 THE COURT: The witness said it is a pretty good
24 guess.

25 Q Forty is a pretty good guess?

1 mcp

Hellerman-cross

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2 A Yes.

3 Q But you only pled guilty to one; right?

4 A Yes, sir.

5 Q That was part of your deal with the government?

6 A My first understanding with the government.

7 Q We will get to your second understanding.

8 With respect to that the maximum exposure under
9 that count was two years?

10 A In prison, yes, sir.

11 Q You participated in Belmont Franchising, Inc.;
12 right?

13 A Yes, sir.

14 Q There were four more counts in Belmont Franchising;
15 is that right?

16 A Yes, sir.

17 Q You were named in each and every count?

18 A I don't remember, but I will take your word for
19 it.20 Q How many counts did you plead guilty to in
21 Belmont?

22 A One, two years.

23 Q What was your exposure?

24 A Two years additional. Two years.

25 Q In At Your Service Leasing you pled guilty to one

1 McP Hollerman-cross

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2 count: right?

3 A Yes, sir.

4 Q In fact, you waived indictment and you pleaded
5 guilty to an information?

6 A Yes, sir.

7 Q And you were named as a co-conspirator in the
8 indictment?

9 A I don't know, sir.

10 Q You know, do you not, that your exposure --

11 By the way, what was your exposure in the count
12 that you pleaded to in At Your Service Leasing?

13 A Two years, making a total of six years when I
14 was sentenced.

15 Q If the government made you plead guilty to all
16 the crimes you committed in Imperial, Belmont and At Your
17 Service, you would jailed for the rest of your life; is
18 that right?

19 nt MR. SORKIN: Objection.

20 THE COURT: Sustained. I think the jury should
21 be told that the Supreme Court has said that consecutive
22 sentences may be improper. Since we don't know the
23 specific charges it is not fair to the jury to get the
24 impression or to tell the jury that consecutive sentences
25 would be imposed on the defendant if he were found guilty

1 rcp

Hellerman-cross

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2 of all 30 counts.

3 MR. PANZER: Your Honor, may I have a side bar?

4 THE COURT: You know the law as well as I do.

5 Q But certainly if you had pled guilty to all the
6 counts that you were indicted for you would be exposed to
7 a great deal more time than two years; isn't that true?8 A Yes, sir. To six years. It makes a total of
9 six years that I was exposed to.

10 Q We'll get to that.

11 You say you had an agreement the first time with
12 respect to Imperial; right?

13 A Yes, sir.

14 Q And that agreement --

15 A With respect to Imperial, Delmont, At Your
16 Service, Globus, the first five stock cases.

17 Q The swindles that you committed?

18 A Yes, sir.

19 MR. SORKIN: I must ask the Court's indulgence
20 and ask for a side bar on this line of cross-examination.

21 (At the side bar.)

22 MR. SORKIN: Your Honor, Mr. Panzer is attempting
23 to make a lot of hay on the number of counts in the indict-
24 ment and the limited number of counts, one in each indictment,
25 that Mr. Hellerman pleaded guilty to. I think then it is

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1 fair on redirect examination that the government can point
2 out that the reason the government accepted one count to
3 each of these three indictments is because Mr. Hollerman
4 was then forced to testify with risk of his life.
5

6 THE COURT: I assume that will come out in
7 redirect. I thought we had agreed to that inside in the
8 robing room.

9 MR. PANZER: What else?

10 THE COURT: He is going to redirect him on the
11 question that as part of his deal he has also to testify
12 in cases.

13 MR. PANZER: Of course.

14 MR. SORKIN: The reason the government accepted
15 only one count is that after the first understanding, his
16 pleas to At Your Service and Belmont were made and/or
17 accepted by the government because then he was forced to
18 testify at the risk to his life in future cases.

19 MR. PANZER: I never went into that.

20 THE COURT: That is right. You can't go in
21 that far.

22 MR. SORKIN: May I ask --

23 THE COURT: No.

24 (In open court.)

25 Your first agreement with Mr. Morvillo took place

1 ncp

Hollerman-cross

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2 when?

3 A Before the first Imperial indictment.

4 Q Give us the month and the year.

5 A It was approximately a month or so before the first
6 Imperial indictment, which I believe was 1969, November,
7 1969.

8 Q If I said it was in November, 1970, would that
9 refresh your recollection?

10 A The indictment?

11 Q No, the time that you had the conversation with
12 Mr. Morvillo.

13 A If the indictment was in 1970, then the conver-
14 sation was in 1970.

15 Q My question is, if I suggest a date, 1970,
16 November --

17 THE COURT: That is the way he is pegging his
18 conversation. When was the indictment?

19 MR. PANZER: I would rather read it from the
20 record.

21 THE COURT: We will take your word for it.

22 Q If I represent to you that your conversation with
23 Mr. Morvillo was in 1970, November, would you dispute that?

24 A If the indictment was in 1970, no, I would not.
25 I would not dispute it, sir.

1 MCP

Hollerman-cross

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2 Q When you had this conversation with Mr. Morvillo
3 back in November of 1970 and Mr. Morvillo was an Assistant
4 U.S. Attorney -- right?

5 A Yes, sir.

6 Q -- and that conversation took place in this court-
7 house; right?

8 A Yes, sir.

9 Q And you promised Mr. Morvillo, didn't you, that
10 you would commit no crimes?

11 A Yes, sir.

12 Q And that is why he was going to allow -- that
13 was part of the agreement at that time, all that you would
14 have to plead guilty to was the Imperial stock fraud?

15 A Yes, sir.

16 Q That was your first agreement?

17 A Yes, sir.

18 Q And you said to him, you promised on your word
19 you wouldn't commit any more crimes?

20 A Yes, sir.

21 Q Right?

22 A That is correct, sir.

23 Q But you lied to him; right?

24 A No, I didn't lie to him, sir.

25 THE COURT: Your question assumes that he lied at

mcp Hollernan-cross

1 the time he made the statement. His answer is, "No, I
2 didn't lie then. It turned out later that my subsequent
3 acts made me a liar."
4

5 THE WITNESS: Yes, sir.

6 Q You didn't keep your promise?

7 THE COURT: You are accepting the yes or no
8 answer? You are not being precise in the language you
9 used in questioning?

10 MR. PAUZER: I don't know.

11 THE COURT: Perfectly obvious.

12 Q Did you keep your word to Mr. Morvillo?

13 A No, sir.

14 Q You went out and committed more crimes?

15 A Yes sir.

16 Q In fact, you participated in the very case that
17 is on trial now after you gave your word to Mr. Morvillo
18 that you would commit no more crimes?

19 A I said that when I testified, yes, sir.

20 Q And you wanted to blame that on Murray Taylor?

21 A Yes, sir.

22 Q Because you didn't want Mr. Morvillo to find out
23 what you were doing?

24 A Yes, sir.

25 Q So you were playing both sides against the middle?

mcp

Hollerman-cross

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right?

MR. SORKIN: Objection, your Honor.

THE COURT: No, I think that is a fair characterization.

A Yes, sir.

Q Yes or no?

A Yes, sir.

Q You are using your guilt with the government to commit other crimes?

A Yes, sir.

Q In fact, you not only participated in this case, Automated, you participated in Computer Microdata?

A Yes, sir.

Q That was a a swindle also?

A Yes, sir.

Q On the public?

A Yes, sir.

Q While you had this deal with Mr. Morvillo; right?

A Yes, sir.

Q You broke your word?

A Yes, sir.

Q Did you make a quarter of a million dollars on that deal?

THE COURT: Which one?

mcp

Hollernan-cross

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1 Q Computer Microdata.

2 A You asked the question, did I make a quarter of
3 a million dollars? The answer is no, sir.

4 Q Did you tell the government that you earned a
5 quarter of a million dollars?

6 A I told the government that -- took in a quarter
7 of a million dollars. I didn't keep it all.

8 Q I see. But at least to the extent of a quarter
9 of a million dollars the public was defrauded?

10 A Yes, sir.

11 Q As a result of what you did; right?

12 A Yes, sir.

13 Q Did Minute Approved Credit also occur after you
14 had this deal with Mr. Morvillo?

15 A Yes, sir.

16 Q After you gave him your word that you would commit
17 no further crimes?

18 A Yes, sir.

19 Q You were playing both ends against the middle again;
20 right?

21 A I was, sir.

22 Q By the way, have you been indicted for Computer
23 Microdata?

24 A No, sir.

1 mcp Hallerman-cross

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2 Q Have you been indicted for Minute Approved
3 Credit?

4 A No, sir.

5 Q That is part of your second deal with the govern-
6 ment; right?

7 A Yes, sir.

8 Q And you made a second deal with the government;
9 right?

10 A My attorneys did, yes, sir.

11 Q You were party to that deal, weren't you?

12 A I didn't negotiate it.

13 Q You authorized your lawyers to make a deal for you?

14 A Yes, sir.

15 Q Now, the second deal was that you wouldn't be
16 indicted for a lot of crimes as long as you cooperated
17 with the government; right?

18 A The deal is -- the understanding that my
19 attorneys reached with the government is --

20 MR. PANZER: I withdraw the question.

21 MR. SORKIN: Your Honor --

22 THE COURT: Ask another question.

23 Q Do you remember the Imperial stock fraud case?

24 A Yes.

25 Q Do you remember testifying here on direct examina-

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Hellerman-cross

372

tion that at one time you told a person in this case that
you were going to break his legs?

A In this case?

Q Yes, in this case.

A Yes.

Q Do you remember saying to an individual in this
case, "If you don't go along with the deal I am going to
push you in the pool"?

A Yes.

Q That was also part of your tactics in these stock
swindles, was it not?

A Not as a rule. When I lost my temper and I said
when I lost my temper or I got angry and I said those kinds
of things -- when I was angry.

Q Did you ever go down to Florida to see a fellow
by the name of Divens in the Imperial case?

A Yes, sir.

Q Did you threaten him?

A Will you define what you mean by threaten?

Q Do him bodily harm.

A It was not --

THE COURT: The witness said he didn't understand
the question. Let's hear what it is.

Q Did you go down to Florida?

A Yes, I did.

1 5 am gtrf 1 Hellerman - cross 373

2 BY MR. PANZER:

3 Q And was Mr. Devensthe president of Imperial
4 Corporation?

5 A Yes, sir.

6 Q And was he getting rid of stock not the way you
7 wanted him to?

8 A Not the way the agreement was made with his
9 attorney, yes. Go ahead.

10 Q So you went down there with two other people, right?

11 A Yes.

12 Q A fellow by the name of Fusco, right?

13 A Fusco and Jimmy Burke, yes.

14 Q And when you were down there, you threatened him,
15 right?

16 A I --

17 THE COURT: Did you threaten him with bodily harm
18 when you saw him in Florida?

19 THE WITNESS: No.

20 Q Did your friends threaten him?

21 A Not in the interpretation that you are asking me,
22 no.

23 Q Was he beaten up?

24 A No.

25 Q Did you ever hear of a stock -- excuse me.

1 gtrf 2

Hellerman - cross

2 Mr. Hellerman, were you present in the company of
3 Mr. Burke and Mr. Savino and Mr. Devens when they kicked
4 him in his legs?

5 A It wasn't Mr. Savino, it was Mr. Fusco and Mr.
6 Burke.

7 Q They kicked him?

8 A No. One person kicked him and one person smacked
9 him. Now, you asked was he beaten up. He was not beaten
10 up.

11 Q I understand. If is slapped or he is kicked he
12 is not beaten up.

13 MR. SORKIN: Your Honor, pursuant to our dis-
14 cussion in chambers, I ask your Honor to hear the Government
15 at the side bar in this particular area.

16 THE COURT: I think it is a perfectly good ques-
17 tion.

18 MR. SORKIN: Your Honor, it concerns another
19 individual.

20 THE COURT: I am sorry. I am sorry. Go ahead.
21 Mr. Panzer may be running certain risks, but
22 those are his problems.

23 MR. SORKIN: Thank you, your Honor.

24 Q Do you know a stock named Globus?

25 A Yes, sir.

1 gtrf 3 Hellerman - cross

2 Q Is that a stock swindle?

3 A Yes, sir.

4 Q Did you participate in that?

5 A Yes, sir.

6 Q Cheated the public? Was that a cheat on the
7 public?

8 A Yes, sir.

9 Q Innocent people got beat out of money?

10 A I don't think any innocent people lost any money
11 in Globus, only brokers.

12 Q It was a stock swindle, right?

13 A Yes, sir.

14 Q Were you indicated for that?

15 A No, sir.

16 Q That is part of your deal with the Government,
17 also, right?

18 A I was punished for it, but I wasn't indicted for
19 it.

20 Q When you say you were punished for it, you mean
21 you pled guilty to the other three cases that we talked
22 about, right?

23 A The other two cases and I had to agree to testify.

24 Q Right.

25 When you say punished, you mean you had to plead

1 gtrf 4

Hellerman - cross

2 guilty to the other three cases I just mentioned?

3 A Two cases, sir. I had also pled guilty to Impe
4 and I had now to plead guilty to Belmont and I had to ple
5 guilty to At Your Service, I had to agree to testify for
6 the Government truthfully and honestly, I had to be avail
7 to cooperate with the Government whenever they asked me.

8 In the first deal I only had to plead guilty
9 to one count and I didn't have to testify for the
10 Government, so I was punished for all these other crimes.

11 Q After the first deal, though, you were working
12 both sides to the middle?

13 A Between the first and second deal, yes, but I
14 was punished --

15 THE COURT: Wait. This all evolved out of your
16 using the word punished and he considers being forced to
17 testify for the Government and cooperating with the
18 Government being punished. All right?

19 Q That is what you consider being punished?

20 A Yes, sir.

21 Q Are you being --

22 A And the time that I did in jail.

23 Q Were you indicted for Globus?

24 A No, sir.

25 Q Isn't part of your deal with the Government tha

gtrf 5

Hellerman - cross

with respect to other crimes that you have committed, state crimes, they would, if they could, intercede with state prosecutors to see that you are not indicted for those crimes?

A They would use their best efforts.

Q That means they would tell them not to indict you right?

A I don't know if it means -- if they have the power to tell them. They would use their best efforts and tell them my cooperation with the Government and I was going to testify --

MR. PANZER: Your Honor, I move that that be stricken.

THE COURT: Overruled.

MR. SORKIN: Can he finish his answer then, your Honor?

THE COURT: No, he doesn't need any more.

Next question.

Q Did you admit to the Government that you bribed an official of the State Liquor Authority?

A Yes, sir.

Q Were you indicated for that crime?

A No, sir.

Q When did you do that?

THE COURT: That is immaterial.

1 gtrf 6

Hellerman - cross

2 Q Did you admit to the Government that you paid
3 money to bribe state court judges?

4 A Yes, sir.

5 Q Were you indicted for that?

6 A No, sir.

7 Q Did you admit to the Government that you paid money
8 to bribe union officials?

9 A Yes, sir.

10 Q Were you indicted for that?

11 A No, sir.

12 Q Did you commit a bankruptcy fraud?

13 A Yes, sir.

14 Q Do you remember helping someone commit income tax
15 evasion?

16 A Yes, sir.

17 Q Did you tell the Government about a stolen treasury
18 bond in the amount of \$150,000?

19 A Yes, sir.

20 Q Did that bond turn out to be stolen?

21 A Yes, sir.

22 Q Did you tell the Government about bribing cops
23 in Hogan's office, New York County?

24 A I don't know if it was Hogan's office, sir, but
25 about bribing cops, yes, sir.

gtf 14

If you want to open that door, then I am free to examine on it.

THE COURT: Wait. As I recall the question -- you loused it up, Mr. Panzer, sometimes by what did he earn and what did he report, and he was trying to say that his answer that you were referring to in a prior trial meant reporting on his income tax, but you won't pick it up until he finally got you to start using the word report.

I don't know whether that figure in the report was the gross income or the net taxable income.

Does anybody know what the figure is?

MR. SORKIN: I don't know, your Honor.

MR. MITCHELL: Your Honor, I don't know whether this opens the door to it, but in the Imperial trial there was testimony to the effect that Hellerman came in and said, "There is \$140,000, but I have to take off the taxes," and he took off the taxes as a result of which everybody got \$5,000 or \$10,000.

Is the door open now for me to to into that?

THE COURT: If you want to, it is all right with me. You are go-~~ng~~ to end up with the guy still having dough in his pocket.

I don't know what all the fuss is about myself, because if he didn't pay his taxes he has the million

1 gtrf 15

2 bucks someplace else, and dont' tell me he gave all the
3 away and he was left with nothing.

4 MR. SORKIN: Your Honor, I don't know.

5 THE COURT: Because this guy doesn't operate
6 way. If you want to produce that feeling for the jury,
7 these fellows are going to come back on recross and I
8 demolish it and not believe this fellow. But that is y
9 problem.

10 I understand he is going to ask him as to whe
11 he has read the agreement, when Mr. Panzer was speaking
12 you about your punishment, what was involved in it besi
13 going to jail?

14 It involved I had to testify.

15 What does testify mean?

16 It meant putting my life on the line.

17 MR. SORKIN: Your Honor, I also intend to ask
18 your Honor -- and Mr. Panzer brought this up -- I think
19 the jury or at least Mr. Panzer wants the jury to
20 infer that the Government had something to do with gett
21 his sentence reduced and --

22 THE COURT: No, no. He stayed far away from
23 that. No, there is nothing in that record as to that,
24 that the Government had anything to do with it. In fac
25 he testified just the opposite on direct.

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SUPPLEMENTAL EXHIBIT III

Portions of trial transcript,
United States v. Gugliaro
(perjury)
Docket No. 73-CR-513

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Pages numbered (in original trial transcript):

550-552

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Hollerman-cross

550

A No, I did not, sir.

Q You were ready to profit, is that fair to say, with forged checks on Paddington?

A Yes, I was.

Q Is it not correct that this scheme involved taking Paddington for about \$900,000, that was the plan?

A Yes, sir.

Q In fact, was Paddington taken for money?

A No, sir.

Q But if the \$900,000 was to be taken, you, Michael Hollerman, were to share in it?

A Yes, sir.

14 MISS WEINER: Objection, your Honor.

15 THE COURT: I will permit it.

16 Q Are you familiar with a company called Matco,
17 H-a-t-c-o?

18 A Yes, sir.

19 Q What was that, sir?

20 A That was a bankruptcy fraud.

21 Q Did you participate in that, sir?

22 A I brought that to the attention of the United
23 States Government. That was in process with the other
24 stock deals when I made my first deal with Mr. Morvillo
25 and I told Mr. Morvillo about it and that is how the money

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Hellerman-cross

551

was not taken away or that is how the people in the deal did not get to bankrupt the company and get the use of the funds. I brought that to the attention of the government.

Q Were you involved in it when you brought it to their attention?

A Like I was involved in the stock deals previously to that, but as soon as I made my deal with Mr. Morvillo I told him about it.

Q In other words, you were involved in Natco, and when you made what you call your first agreement --

A Yes, sir.

Q -- you then told him about Natco?

A Yes, sir.

Q That was so that you could get the one-count-of-Imperial plea?

A No, I think -- my understanding that I had with Mr. Morvillo, all I had to do was tell him the information on Imperial to get the one count, but I had also promised him at that time that I would not commit any other crimes and I was involved, it overlapped and I didn't want to get myself -- when I made the agreement I fully intended to keep the agreement with Mr. Morvillo, and then I didn't want to get myself in any trouble so I told

Hollernan-cross

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him that I was involved in that too, because I didn't want to get in any trouble for it.

Q Let me see if I understand it then.

While you were talking to Mr. Morvillo you were right in the middle of Natco, is that a fair statement?

A Yes, sir.

Q So you didn't want it to seem that Natco was an immediate breach of that agreement so you told him about it?

A Yes, sir.

Q But you were involved in this bankruptcy fraud?

A Yes, sir.

Q Was Minute Approved Credit --

MR. NEWMAN: Withdrawn. We asked you about that.

Q Belmont Franchising Corporation, that was another manipulation?

A Yes, sir.

Q You made representations again to the public?

A Yes, sir.

Q And again they were false?

A Yes, sir.

Q Was there a stock called Globus?

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Hallerman-cross

Q Do you know a gentleman by the name of Philly Yavonovich?

A Yes, sir.

Q Does he have a nickname?

A Philly Rags.

Q Is he one of your employees out in Michael's Steak House?

A He used to attend bar, yes.

Q Did you ever tell him if you were caught in any of your stock manipulations, you would give up your mother not to spend time in jail?

A No, that is not true, because my deal included --

THE COURT: No. You say that is not true?

THE WITNESS: Yes.

Q How much money do you say under this power of attorney you took out in your mother's account?

MISS NEIMAN: Objection, your Honor.

THE COURT: Yes, sustained.

Q During the course of your manipulations, sir, did you --

A I --

Q No, you don't have to answer. The Judge sustained the objection.

THE COURT: This is another question. Go on.

SUPPLEMENTAL EXHIBIT IV

Portion of trial transcript,
United States v. Tramunti
(perjury - tried October, 1973)
Docket No. 73-CR-514 (Judge Bauman)

Pages numbered (in original trial transcript):

104-105
131-132
136
182-190

1 msh

Helleman-cross

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2 A Yes, sir.

3 Q And you promised Mr. Morvillo after he offered
4 you a deal that you would commit no more crimes? Isn't
5 that so?

6 MR. HEPFALIS: Objection to the form of the
7 question, offered him a deal.

8 MR. COMBERG: Withdrawn.

9 Q Were you offered any deal from the government?

10 A What?

11 Q Were you offered any deal by the government,
12 namely, that of non-prosecution for any crimes to which you
13 had admitted committing?

14 A No, sir. My original understanding with the
15 government, with Mr. Morvillo, was that I would plead
16 guilty to one count of Imperial and I wouldn't be prosecuted
17 on anything else and I would face two years. That was
18 my original understanding with Mr. Morvillo.

19 Q Did you tell Mr. Morvillo that you wouldn't
20 commit any more crimes if he gave you this understanding?

21 A Yes, sir.

22 Q Did you violate your promise to Mr. Morvillo?

23 A Unfortunately, I did, sir.

24 Q As soon as you left the courthouse, after you
25 made a deal with the government, you were right back

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Hallenman-cross

105

committing crimes, isn't that so?

A Not as soon as--

Q An hour or two?

A No, sir, a few months, but I violated my understanding with Mr. Morvillo.

Q How did you violate your understanding with Mr. Morvillo?

A I committed more crimes, sir.

Q Have you been prosecuted for those crimes?

A I was prosecuted for --

Q Have you been prosecuted --

THE COURT: Let him finish, please.

MR. GOLDBERG: I withdraw the question and ask for a responsive answer.

THE COURT: He was about to answer and you didn't let him.

A Yes. Instead of pleading to one count in Imperial, I had to plead to one count in three different indictments and faced six years rather than two years.

Q Were those the crimes you committed after you left Mr. Morvillo's office or were those crimes which you had committed prior to working out your understanding with Mr. Morvillo?

A Those were crimes I had committed before, but I

qs4

Hellerman-cross

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Q You pleaded guilty to one and 70 were dismissed?

A Because I cooperated and I agreed to tell the truth for the Government. That is why the 70 were dismissed, not because I pled to one count.

Q Were you indicted in connection with Belmont?

A Yes, I was.

Q The stock swindle known as Belmont?

A Yes, I was, sir.

Q How long a period of time were you active in the stock swindle of Belmont?

A I don't know exactly, three, four, five months.

Q When I say active, I mean as the motivating architect, the planner. That is what your role was, wasn't it?

A Yes, sir.

Q You weren't some fellow running around with messages, you were the planner, the thinker of the thefts?

A Mr. Goldberg, I was a very bad boy. I wasn't innocent.

Q A bad boy?

A I did a lot of terrible things for which I paid. I wish I could take them back.

Q You paid?

q95

Mellerman-cross

132

A Yes, sir.

Q Of all the crimes you committed tell this jury how much money you paid by way of restitution?

A I made \$100,000 restitution and I paid 12,500 --

MR. NAFTALIS: Your Honor, he doesn't let the witness finish.

THE COURT: When you ask a question give him the opportunity to answer.

MR. NAFTALIS: Your Honor is attempting to ask a question and he interrupts again.

THE COURT: Start that answer all over again.

THE WITNESS: Your Honor, I agreed to make --

MR. GOLDBERG: I move to strike the agreement. I want to know what he paid.

THE COURT: The question was:

What if anything did you pay by way of restitution? Do you have the question in your mind?

THE WITNESS: Yes, sir.

\$12,500 and I owe a balance of \$87,000.

MR. GOLDBERG: I move to strike.

THE COURT: Strike it out.

Q You paid \$12,500?

A Yes, sir.

qs8

Hellerman-cross

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2 A Yes, sir.

3 Q Were you promised that you would not be indicted
4 for the case involving Erwin Layne cashing checks in the
5 Bahamas?

6 A Yes, sir.

7 Q How much in the way of checks were planned to
8 be cashed in the Bahamas?

9 MR. NAFTALIS: Objection. That is the same
10 thing he testified about before.

11 THE COURT: Sustained.

12 Q Mr. Hellerman, we have been talking about,
13 besides from the list of misconduct that I asked you to
14 comment on, bribery, stock fraud, you participated as a
15 principal architect in a bankruptcy fraud, did you not?

16 A Yes, sir.

17 Q You helped bust out Natco, isn't that so?

18 A Yes, sir.

19 THE COURT: What does bust out mean?

20 I don't know and I greatly doubt whether the jury knows.

21 Q What does bust out mean?

22 A Where you make a fictitious market in a stock
23 and you sell it to a broker and the broker pays you and
24 the broker doesn't get paid for the stock on the other
25 side. That is what bust out means.

1 hp:mg 8

Hellerman-redirect

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2 remainder of his answer to stand, however.

3 Q In the agreement, it only refers to sir pending
4 matters about which you won't be prosecuted, is that cor-
5 rect, pending crimes?

6 A Yes, sir.

7 Q Were those the ones, to your knowledge, that were
8 known about at the time you signed the agreement?

9 A Yes, sir.

10 Q And a lot of the other things that were brought
11 out in cross-examination were things you told the prose-
12 cutors about after the signing of the agreement?

13 A That is correct, sir.

14 Q The agreement talks about making restitution by
15 you to the people who were victimized by your crimes,
16 is that correct?

17 A Yes, sir.

18 Q Have you done so, sir?

19 A Yes, sir.

20 Q How much have you promised to give?

21 A I promised to make restitution for \$100,000 and
22 I have made already restitution of \$12,500 and I have to
23 make the restitution of the balance when I get a job and
24 start working.
25

1 jqh 1

Hellerman-redirect

183

2 Q I take it you have not the funds to make any
3 further restitution at this time until you get a job?

4 A That is correct. I am broke and I haven't any
5 funds. I just came out of jail.

6 MR. GOLDBERG: I move to strike anything about
7 he is broke.

8 THE COURT: Yes, strike out that he just came out
9 of jail. The remainder of the answer stands.

10 Q As part of this agreement, Mr. Hellerman, you
11 understand that you are not to commit any further crimes,
12 is that correct?

13 A Yes, sir.

14 Q Since the signing of this agreement have you engaged
15 in any criminal activity in any way, shape or form?

16 A No, sir.

17 Q And you understand pursuant to this agreement you
18 are required to testify truthfully, is that correct?

19 A Yes, sir.

20 Q Do you understand, sir, that if you do not
21 testify truthfully in this trial or any trial or any pro-
22 ceeding in which you are called as a witness you subject
23 yourself to a possible perjury prosecution?

24 A If I tell one lie I was told I would be definitely
25 prosecuted for perjury and all other crimes that I committed

1 jgh 2

Hellonman-redirect
recross

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2 before.

3 MR. NAFTALIS: I have nothing else.

4 RECROSS EXAMINATION

5 BY MR. GOLDBERG:

6 Q Your understanding is that if you lie you can
7 be prosecuted for a host of crimes listed in that agreement?

8 A In addition to perjury, yes, sir.

9 Q In addition to perjury and the government won't
10 use its best efforts, you understand, to get you help from
11 other agencies?

12 A Mr. Goldberg --

13 Q If you don't understand my question --

14 MR. NAFTALIS: May all the instructions to the
15 witness come from your Honor and not counsel?

16 MR. GOLDBERG: May the witness be instructed if
17 he can't answer yes or no --

18 THE COURT: Answer the questions yes or no. If
19 you can't say you are incapable of answering with a yes or no.

20 Q This past summer you testified for the government,
21 did you not?

22 A Yes, sir.

23 Q In a loud voice please.

24 A Yes, sir.

25 Q The name of the case was United States v. Capps?

1 jgh 3

Hellerman-recross

2 MR. NAFTALIS: May we approach the bench?

3 THE COURT: Yes.

4 (At the side bar.)

5 MR. NAFTALIS: I would like to have some idea
6 where he is going. In the Capps case the defendants happened
7 to have been acquitted. I have a distinct fear that is what
8 Mr. Goldberg is attempting to elicit.

9 MR. GOLDBERG: My offer of proof is --

10 MR. NAFTALIS: Keep your voice down please.

11 MR. GOLDBERG: I offered to prove that he testified
12 against three defendants in connection with a stolen bond
13 case and told of their involvement in the stolen bond case
14 and they were acquitted.

15 THE COURT: What does that have to do with anything?

16 MR. GOLDBERG: The jury found that his version of
17 their complicity was not true.

18 THE COURT: I have heard enough. Sustained.

19 (In open court.)

20 Q You told Mr. Naftalis that since the signing of
21 this agreement you haven't committed any more crimes, is
22 that right?

23 A Yes, sir.

24 Q The fact is you have been in custody?

25 A Yes, sir.

1 jgh 4

Hellerman-recross

2 Q You haven't had a chance to act outside of custody,
3 isn't that so?

4 A I had a chance-- I have been free since October 3rd.

5 Q October 3rd?

6 A You say I commit crimes every two days. I have
7 been out of jail since October 3rd.

8 Q You have been clean 16 days?

9 A I loarned my lesson.

10 MR. NAFTALIS: Objection.

11 THE COURT: I will let him answer.

12 Q You told Mr. Naftalis, I believe, that you broke
13 the deal that you had or understanding that you had with
14 Mr. Morvillo, that you wouldn't commit any more crimes
15 which you entered into in November of 1970 by committing
16 stock frauds, thereafter?

17 A Yes, sir.

18 Q I think Mr. Naftalis said only stock frauds.

19 A I didn't understand him to say only stock frauds.
20 He referred to the cases that you mentioned to me on
21 cross-examination, sir.

22 Q Mr. Naftalis, you recall, asked you on redirect
23 "Isn't it a fact that after you had that deal with Mr.
24 Morvillo in November of 1970 you committed stock frauds,
25 other stock frauds?"

1 jqh 5

Hellerman-recross

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2 A Yes, sir, I did, sir.

3 Q As a matter of fact, you committed other crimes
4 in addition to stock frauds?

5 A Yes, sir.

6 Q Counterfeiting checks?

7 A Yes, sir.

8 Q And other criminal schemes?

9 A Yes, sir.

10 Q I want you to focus on two dates, Mr. Hellerman.
11 One is November, 1970, and the other is September, 1971,
12 okay?

13 A Yes, sir.

14 Q In November, 1970, you entered into this verbal
15 understanding with Mr. Morvillo that you commit no more crimes,
16 is that right?

17 A Yes, sir.

18 Q After that, November of 1970, you committed, I
19 think, the Computer Micro Data and the Minute Approved
20 Credit stock frauds, is that right?

21 A Yes, sir.

22 Q As well as the stolen bond case in the Bahamas?

23 A There is no stolen bond case. I don't know why
24 you refer to it.

25 Q You engaged in criminal activities in the Bahamas,

1 jgh 6

Hollerman-recross

2 is that right?

3 A Yes, sir.

4 Q I want you to jump ahead to September of 1971.

5 A Yes, sir.

6 Q In September of 1971 you took a plea to one count
7 of the Imperial indictment before Judge Lasker, isn't that so?

8 A That is correct, sir.

9 Q He didn't send you to jail after you pleaded guilty?

10 MR. WIFTALIS: Objection, your Honor. You don't
11 do that until you are sentenced.

12 THE COURT: This has a sort of familiar ring and
13 I think that you have explored this kind of thing about
14 enough, namely the nature and variety of these crimes, the
15 deal with the government and the treatment by the court.

16 Sustained.

17 Q Isn't it true that laying aside for the moment
18 whether you committed crimes after you pled, isn't it true
19 even after you pleaded guilty before Judge Lasker, almost
20 a year after your deal with the government, your verbal deal
21 with the government, you committed further crimes?

22 A That is correct, sir.

23 Q Namely the counterfeiting of checks?

24 A And stock frauds.

25 Q And stock fraud?

1 jqh7

Hellerman-recross

2 A Yes, sir.

3 Q This was after you pleaded guilty before Judge
4 Lasker?

5 A Correct.

6 Q And while you were permitted to remain free on
7 bond, isn't that so?

8 A Yes, sir.

9 Q Am I correct that for a period of time then you
10 were, in effect, playing both sides of the street by giving
11 the government information and continuing to engage in
12 criminal activity?

13 A Yes, sir.

14 Q And there were times when you were informing
15 against certain people while at the same time committing
16 crimes with them which the government knew nothing about,
17 isn't that so?

18 A Yes, sir.

19 Q Mr. Naftalis has asked you whether as part of
20 the agreement you understood that you would have to pay
21 restitution to people who were victimized by your crimes,
22 is that right?

23 A That is correct, sir.

24 Q That figure of \$100,000 as the figure that you
25 have to make restitution, that was arrived at, was it not,

jgh8

Hellerman-recross

by negotiation between your attorney and the United States Attorney?

A Yes, sir.

Q Do you know whether any of the victims were consulted?

MR. NAFTALIS: I object to this.

THE COURT: Sustained.

Q You, your attorney and the United States Attorney settled upon a figure of \$100,000?

MR. NAFTALIS: Objection.

THE COURT: Sustained.

Q Didn't you secure and didn't you defraud people of a sum of money far in excess of \$100,000?

MR. NAFTALIS: Objection.

THE COURT: Overruled.

Q Yes or no.

A I can't answer that because they were only interested in the innocent people, not the people that were in the crimes with me that lost money that did it for greed. There were a lot of people that were partners and people in the deal that did it for greed. They were only concerned primarily with the innocent people. There weren't that many innocent people victimized.

Q Was Newton & Company a person--

SUPPLEMENTAL EXHIBIT V

Portions of trial transcript,
United States v. Capps
Docket No. 73-CR-517
(Perjury growing out of earlier case of
United States v. Capps, 73-CR-146
charging interstate transportation
of counterfeit securities)

Pages numbered (in original trial transcript):

156-170

bb-2

Hellerman-cross

and lawyers at times, it was my understanding that they were to use that money to bribe liquor authorities, officials, State Judges, but I was never, I wasn't present when, if and in fact know if they gave that money to a State Judge or they gave that money to a State Liquor Authority.

Q That is New York State?

A Yes, sir.

Q And those are New York accountants and lawyers?

A Yes, sir.

Q And you said that you tried or paid money to bribe union officials, did you?

A Yes, sir.

Q Did you ever participate in a scheme to print up a counterfeit bank check in the amount of \$30,000 and then try to cash it with a diamond merchant?

A Yes, sir.

Q That scheme, was it successful?

A Part of it.

Q Had you ever committed any bankruptcy fraud?

A Yes, sir.

Q What was that?

A Necco.

Q What was the fraud that you perpetrated -- by the way, bankruptcy is what, when you come to the Federal

bb-3

Hellerman-cross

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Courthouse and file and say that you can't pay your debts?

A I don't think you come to the Federal Courthouse. I think it is in a different building. I don't know.

Q What was it that you did in this bankruptcy fraud?

A Myself, among others, took over a beauty and drug company and they had a large inventory and the inventory was sold out and it was going to be split up and then I, this was -- this fraud had started before I made my deal with the Government and then I told the Government about it and I saved the Government -- in other words, I got the Government involved so that the other perpetrators did not get to steal all the money.

Q And then did you testify against the other perpetrators?

A No, I did not. I told you my first deal, I made with the Government, I agreed to give them the information but I would not testify. Wouldn't put myself in that position. I wouldn't testify in the first deal.

Q From the time that you made your first deal until the time that you made your second deal, so to speak, you were playing both sides of the street?

A Well, you have to define that further. Yes, depending on what I am thinking and then you are going to

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Hellerman-cross

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ask me what I am thinking, sir, and I don't want to anticipate. I've answered the question, yes, the thinking in my mind.

Q The answer is yes?

A Yes.

Q And by that, do you mean that while you were cooperating with the Government, you were still also being crook?

A Yes, sir.

Q That is, that you had both things going for you, is that right?

A What do you mean by both things, sir? That is where -- what do you mean by both things?

Q Well, if you made money, you kept it and if you got caught you had the Government on your side.

A No. That is not what I meant by that answer.

Q Well, let me ask --

A If I made money I would keep it and I didn't think I would get caught, I was cooperating with the Government, I didn't think -- I believe your intention is that

I --

Q Don't worry about my intention, Mr. Hellerman, just answer the questions.

A Well, according to the question, sir, I understood

Hellerman-cross

ou to say that if I got caught, the Government wouldn't
prosecute me and that is not what I mean by that question.
I got caught, the Government would have prosecuted me.

Q But in any event, have they?

A Sure they have. Perhaps give me -- when I did
second deal, because of all the crimes I committed, they
me plead to two other counts. What is the difference
I plead to Computer Micro Data or At-Your-Service. I
faced the same four years extra, extra exposure.
two years I now face six years before Judge Lasker.

Q But you weren't prosecuted on the other seven
eight or ten other crimes that you admitted to?

A But I also testified for the Government. That
the reason.

Q You testified for the Government and that is the
on. I see.

How many times have you testified for the Govern-

MR. LOWE: Asked and answered.

THE COURT: Yes. I recall testimony on that

MR. SILETS: I withdraw it, Judge.

Q At the time you testified yesterday, you said
in September, September 26, 1973, Judge Lasker reduced

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Hellerman-cross

your sentence?

A Yes, sir.

Q Now, at the time that that was done, were any representations made to Judge Lasker by the Government in order to get you out earlier?

A No, sir.

Q Did you have a lawyer?

A Yes, sir, I did, sir.

Q Did your lawyer say anything to the Judge why you should get out sooner?

A My lawyer filed a motion which I have only seen one paragraph of that was shown to me and -- I am sure he spoke for me. I wasn't in court so I don't know.

Q You were not in court?

A No, sir.

Q When were you released?

A October 3.

Q Since the time of your release have you testified for the Government?

A Yes, I have, sir.

Q Do you know or have you been informed whether the Government joined in asking Judge Lasker to release you?

A I've been informed by Mr. Broderick that the Government would not ask Judge Lasker to release me. They

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Hellerman-cross

ould take no position in getting me released.

Q They would not oppose it, though, they would
ake no position?

A They would take no position. They would not ask
he Judge to release me at all. My lawyer, Mr. Broderick,
old me that the Government would not help me get out of jail.
t was strictly up to the Judge.

Q Now, you recall at the beginning of my inquiry
f you, I talked to you about your testimony before the grand
ury and you testified and gave this information about Mr.
pps to the grand jury in February of this year, did you
ot?

A I don't know the exact date, but --

Q That's about right?

A Yes, sir.

THE COURT: Well, this year has only proceeded
January 15, and therefore, I would think that you would
e talking about last year.

MR. SILETS: That is correct, Judge. I beg
our pardon. I am so sorry.

Q I mean 1973.

A I did, too, sir.

MR. SILETS: It happens that I keep writing
hecks with 1973 on them, too, Judge.

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Hellerman-cross

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Q That would be about right, about February of '73?

A That would be about right.

Q I apologize for that, Mr. Hellerman.

Now, at the time that you testified in February of 1973, were you in custody?

A Yes, sir.

Q Was it part of your understanding with the Government, that you would not only testify in the grand jury but you would also testify against Mr. Capps at trial?

A No, sir. There was no -- when I made my understanding with the Government, there was no specific names mentioned, there was no individuals mentioned. There was -- I was told that I would -- that wherever I was needed and whatever information the Government wanted and I knew it was my obligation to tell the Government and if they called on me to testify at the grand jury or at trial afterwards, it was my obligation, too.

I made my agreement with them or my attorney did in October of the previous year and when I made my agreement I didn't know that -- who I would testify against, although I had ideas. I didn't know who I would testify against. I didn't know when they would call on me or anything else.

Q Now, in addition to Mr. Capps, you have given

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Hellerman-cross

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other testimony before other grand juries against other people?

A Yes, sir.

Q And that was while you were in custody?

A I explained that.

Q Yes.

A What do you mean while I was in custody?

Q You gave the testimony in the grand jury against other people while you were in custody.

A I gave some before I was in custody and some after.

Q You mean you have given some since you have left custody?

A No. Before I went into custody. Before I made the deal with the Government, I went to the grand jury and when I made -- I was sentenced after I went to the grand jury the case.

Q And then you testified in the grand jury after you were in custody?

A Yes, sir.

Q You know now, though, that you will be called on to give testimony after you are out, against those people in various trials in this courthouse?

A I explained that before, that any time the

bb

Hellerman-cross

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Government wants me, I am -- that part of my understanding is that I have to testify in any grand jury proceeding, and in any trial that they ask me to.

Q Now, on September 26, 1973, Judge Lasker reduced your sentence. Are you aware that there was an indictment the day before on Automated Information Systems?

A I don't know the exact date that the indictment -- my attorney -- no. I don't know, I know there was an indictment in Automated. I don't know what date the indictment was.

Q Would you accept the fact that it was on September 25?

A Yes, sir, and would you also accept that around September 5 or 6 or 7, whatever the date was, when Judge Lasker came back from vacation, Mr. Broderick argued the motion and Judge Lasker said that at that time that he would give his answer by the 20th of September, and I am sure that Judge Lasker didn't base his -- although I don't know Judge Lasker's mind -- the motion was argued in early September and I am sure that he didn't base his decision on the Automated Indictment.

Q Were you present when all of that happened?

A No, sir. I just know what Mr. Broderick, my attorney, told me.

bb

Hellerman-cross
redirect

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Q Do you know if Mr. Taylor was indicted in the Automated Information case?

A No, I do not know.

Q Do you know if Mr. Layne was indicted?

A I do not know if Mr. Layne was indicted.

MR. SILETS: I have nothing further. Thank you very much.

THE COURT: Mr. Lowe.

REDIRECT EXAMINATION

BY MR. LOWE:

THE COURT: I think we will finish with this witness and then take our mid-morning break, ladies and gentlemen. You have been sitting now since you came out at a quarter of 10:00, and it is 11:00 o'clock. I would think that from what counsel both just said, we will be a few more minutes with Mr. Hellerman and when we are finished with him we will take our mid-morning break.

Q In the cross-examination, Mr. Hellerman, of Mr. Silets or of you by Mr. Silets, I should say, he asked you whether or not after you left Mr. Capps office the time you said you and Mr. Layne and Mr. Taylor were there in July of '71, he asked you whether or not you talked about this fair, and I think that is the word -- if I am wrong, Mr. Silets can correct me, but I think he said about this affair.

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Hellerman-redirect

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A Yes, sir.

Q With whom did you talk about it?

A With, in the Bahamas, with Erwin and Murray and with Bob Rizzieri and David Betolo and Silvestri, Joe Silvestri and --

Q Well, Mr. Hellerman, were you and Mr. Layne and Mr. Taylor alone in the Bahamas that time in July of '71?

A Our wives were there.

Q Well, did you talk to your wives about any of this?

A They knew that we were going to see Mr. Capps and they heard, you know, us, that we were going to see him, they knew Mr. Capps. My wife did and Mr. Taylor's.

Q Mr. Hellerman, are you familiar with any of the Bahamian laws or regulations regarding gambling?

A Yes.

MR. SILETS: Your Honor, I don't know what this line of questioning is about, but it is certainly nothing in response to the cross-examination and I will move --

THE COURT: Well, you did get into the matter of gambling junkets, if I recall correctly.

MR. SILETS: I asked him if he paid for and he said there were gambling junkets.

I didn't pursue that, ask him any further ques-

tions about it.

MR. LOWE: Your Honor, I can point to specific testimony that I am talking about.

THE COURT: I will suggest that there is enough on your cross-examination to permit certain limited inquiry to be made.

I don't expect a full dress presentation, so that we can learn each and every aspect of how they conduct their business in this regard in the Bahamas, but I will permit certain limited inquiry.

Q Do you know whether Mr. Capps would be allowed to gamble in the Bahamas?

A My understanding --

MR. SILETS: Objection, your Honor. I would like to approach the side bar.

THE COURT: Sustained.

MR. SILETS: I ask that the jury be instructed to disregard the question.

THE COURT: Yes. Let me make a comment to the jury that is not only relevant to this matter, but to others.

You have heard counsel on both sides make comments and inquiries and statements to each other perhaps from time to time, questions, comments and the statements of counsel are not evidence. When a question has been asked

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Hellerman-redirect

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and an objection has been sustained, that is not evidence and the matter should not be considered by you in any way in your consideration of the case.

The evidence here is in the answers of witnesses and in exhibits which are evidence and matters which are read to you pursuant to stipulation.

You may proceed, Mr. Lowe.

MR. LOWE: Your Honor, I would like to approach the bench on this subject. This is a point that I don't think -- that I have gotten across to your Honor and that I would like to at least get a chance to get across.

THE COURT: You may proceed. I do not wish to have any bench conference.

Q Mr. Hellerman, you testified that you had originally gotten a sentence of two years of confinement and that I guess it was about 10 months after that Judge Lasker reduced it?

A Yes.

Q Do you know when you would have been eligible for parole?

A I would have been eligible for parole way before that. I was, when I was sentenced I was given two years in prison and Judge Lasker sentenced me under a Federal statute which permitted the parole board to set my release

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Hellerman-redirect
recross

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any time they wanted after, I think, 30 or 60 days in custody and I didn't apply for parole and there were certain measures I felt that I would wait the eight or nine months and then ask my attorneys to go before the Judge.

Q Mr. Hellerman, in your cross-examination, Mr. Silets asked you about how many times you had testified and he asked you whether you had given testimony against other people.

What other cases have you testified in?

A United States --

MR. SILETS: Your Honor --

THE COURT: You opened the door. Overruled.

A United States vs. DioGuardi; United States vs. Alois; United States vs. Tramunti; United States vs. Savino; United States vs. Fusco; United States vs. Lombardo; United States vs. Ostrer; and United States vs. Dio, again.

MR. LOWE: I have no further questions.

MR. SILETS: Just one question.

RECROSS-EXAMINATION

BY MR. SILETS:

Q Maybe I didn't understand, Mr. Hellerman. When did you begin to serve your time?

A December 26 of 1972.

Q And you were released the beginning of October

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Hellerman-re is

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of '73?

A Yes, sir.

Q And you said that you could have applied for parole at any time?

A Within 30 or 60 days, I don't know what the statute reads. I don't know --

Q But you didn't apply for parole?

A No, I did not, sir.

MR. SILETS: Nothing further, Judge.

MR. LOWE: I have nothing further.

THE COURT: Ladies and gentlemen, we will take our mid-morning recess at this time.

I ask you, please, do not discuss the case, however interesting you may find it, among yourselves in the jury room. Please do not discuss the case. In addition, the case is only partially completed, so that I request that you keep an open mind on the subject before you.

We will take a 10-minute recess. We will resume and continue until something in the neighborhood of 12:30 or quarter of 1:00, when we will take our luncheon recess.

(The jury left the courtroom.)

THE COURT: Mr. Hellerman, you may step down.

(Witness excused.)

THE COURT: Miss Krueger, I note that on the

SUPPLEMENTAL EXHIBIT VI

United States v. Falgiano et al., Docket No. 71-

CR-499 (MEL)

(Natco/Merchandise Plus bankruptcy fraud trial)

- A. Confidential memorandum from Hubert L. Robinson, United States Probation Officer, to the Hon. Morris E. Lasker, dated June 6, 1972. (filed separately under seal)
- B. Copy of letter from Vincent L. Broderick, Esq. to Judge Lasker, dated September 23, 1972.
- C. Copy of letter from Vincent L. Broderick, Esq., to Judge Lasker, dated March 2, 1972.
- D. Portions of transcript of pre-trial proceedings regarding severance of Hellerman, March 30, 1972.
- E. Nolle Prosequi entered October 12, 1973, as against Michael Hellerman.
- F. Portions of transcript of trial proceedings, which commenced April 4, 1972, before Judge Lasker.

Pages numbered (in original trial transcript)

14-31
445-462
534-535
118
959-967
988-989
1138-1145

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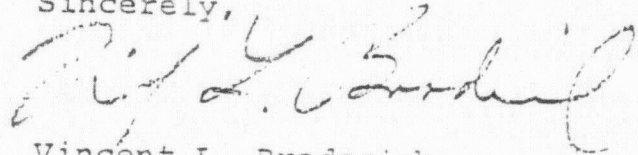
Hon. Morris E. Lasker

2

September 23, 1971

from its commitment and proceed to trial against
Hollerman in the Falgiano case, and we should like
to reserve the right to submit motions in the future
if that eventuality should occur.

Sincerely,

A handwritten signature in dark ink, appearing to read "Vincent L. Broderick", written in a cursive style.

Vincent L. Broderick

VLB:mmc

cc: Whitney North Seymour

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ALFRED S. FORSYTH
THOMAS J. HUBCARD
SAMUEL J. MURRAY
C. DOUGLAS WEBB

March 2, 1972

Hon. Morris E. Lasker
United States District Judge
United States Courthouse
New York, New York 10007

Re: U.S.A. v. Falgiano, et al. 71 C.R. 499

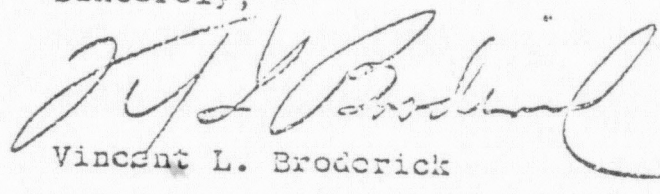
Dear Judge Lasker:

This will acknowledge the receipt of notice from Mr. Nicholas A. Robinson, your law clerk, with respect to oral arguments on the pretrial motions in the above matter, to be held on Tuesday, March 7, at 4 p.m.

Thomas D. Edwards and I represent Michael Kellerman in the above matter. It is our understanding that the Government does not intend to proceed in this matter against Mr. Kellerman. We do not, therefore, plan to present oral argument with respect to the pretrial motions herein, nor do we plan to appear on March 7 unless you deem it necessary.

A copy of this letter is being sent to the United States attorney's office.

Sincerely,


Vincent L. Broderick

VLB:son

cc: David Brodsky, Esq.
Asst. U.S. Attorney

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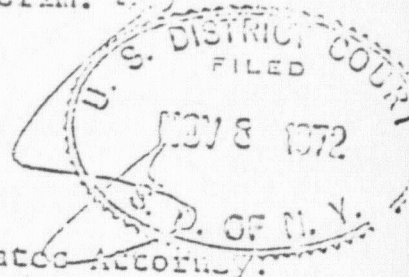
UNITED STATES OF AMERICA

v.

3 MICHAEL HELLERMAN,

4 Defendant.

71 Crim. 499



5 BEFORE: HON. MORRIS E. LASKER, D. J.

6 FOR THE GOVERNMENT: David Brodsky,
Assistant United States Attorney.

7 FOR THE DEFENDANT: Thomas J. Edwards, Esq.

8 March 30, 1972

9 Room 36

10 2:00 p.m.

11 MR. BRODSKY: The Government has an application
12 to make.13 I discussed with Mr. Edwards whether his client
14 should be here or not, and I thought it would not be
15 necessary in light of the Government's application.16 The Government moves, at this time, with respect
17 to 71 Crim. 499, United States against Michael Hollerman,
18 that Mr. Hollerman's case be severed from that of the
19 remaining defendants and another trial date be set, not
20 to be specified by the Government at this time but to be
21 set at a later time. Mr. Hollerman is to be severed from the
22 trial of the action beginning on Monday.23 MR. EDWARDS: On behalf of the defendant Hollerman,
24 I consent to this.

25 Your Honor may recall that when Mr. Hollerman

initially entered a plea to one count in the Imperial case it was said on the record at that time that the Government did not anticipate proceeding against Mr. Hellerman in the other cases in which he was named as a defendant.

THE COURT: He had already been named in this case at that time?

MR. EDWARDS: Yes, your Honor.

This application, I take it, is pursuant to this understanding.

MR. BRODSKY: It is, your Honor.

THE COURT: I will grant the application.

It might be gratuitous to remark that it sometimes makes me unhappy that we have to approach the administration of justice in this way, but Mr. Hellerman has pleaded guilty in no case and has subjected himself to the possibility of punishment by this court. Under those circumstances, and for reasons that are otherwise clear, I will grant the application.

MR. BRODSKY: Thank you.

MR. EDWARDS: Thank you.

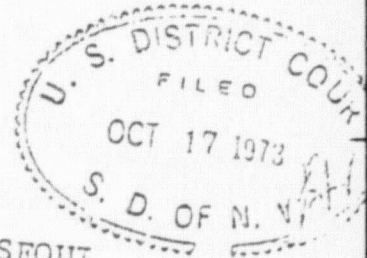
THE COURT: Mr. Brodsky, I would like to see you in the robing room about noon. I think that has nothing to do with all this.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



UNITED STATES OF AMERICA,

- v -

MICHAEL HELLERMAN,

Defendant.

NOLLE PROSEQUI

71 Cr. 499 MEL

1. The filing of this Nolle Prosequi as to
MICHAEL HELLERMAN will dispose of the case.

2. On May 12, 1971, Indictment 71 Cr. 499 was filed
in 11 counts charging the defendants MICHAEL HELLERMAN,
Samuel Bulgino, Anthony V. Cavaseno, a/k/a Al Rizzo, Stephen
M. Schustok, and Anthony Soldano with conspiracy; mail fraud
and bankruptcy fraud in violation of Title 18, United States
Code, Sections 1962, 1341, 152, and 2.

3. On March 30, 1972, HELLERMAN was severed from
the trial of Indictment 71 Cr. 499.

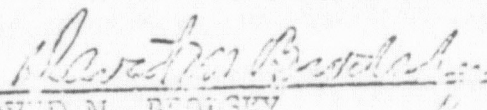
4. On November 6, 1972, after HELLERMAN had
previously entered pleas of guilty to Information 72 Cr. 1206,
Count 15 of Indictment 71 Cr. 558, and Count 21 of Indictment
70 Cr. 967, charging him with violations of 15 U.S.C. §78
(b) (fraud in the sale of securities), HELLERMAN was
sentenced to two years in prison on Indictment 70 Cr. 967;
and imposition of sentence was suspended and HELLERMAN was
placed on probation for five years on 72 Cr. 1206 and 71 Cr.
558, to be served consecutively to

5. Under the circumstances the Government does not feel that prosecution of Indictment 71 Cr. 499 MEL, is necessary.

In view of the foregoing, I recommend that an order of Nolle Prosequi be filed as to defendant MICHAEL HELLERMAN on Indictment 71 Cr. 499.

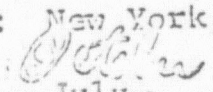
Dated: New York, New York,

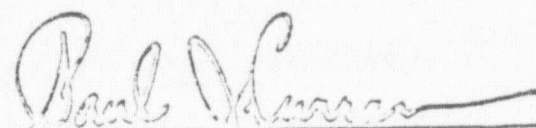
July 27, 1973.


DAVID M. BRODSKY
Assistant United States Attorney

Upon the foregoing recommendation, I hereby direct with leave of the Court, that an order of Nolle Prosequi be filed as to the defendant MICHAEL HELLERMAN on Indictment 71 Cr. 499.

Dated: New York, New York,


July 12, 1973


PAUL J. CURRAN
United States Attorney

UNITED STATES OF AMERICA

vs.

71 Cr. 409

BRUNO BRIGIANO, et al.

New York, April 4, 1972;
10.00 o'clock a.m.

(Trial resumed, jury present.)

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THE COURT: Ladies and gentlemen of the jury, I am now going to allow the counsel to begin their opening statements, as I mentioned to you yesterday I wanted to say one thing. If you may have been here yesterday afternoon about 4 o'clock when I sentenced certain defendants who had been convicted in other cases. If you were and if you heard all the proceedings, I simply wanted to let you know that they had absolutely nothing to do with this case and you should disregard that altogether.

Mr. Brodsky.

MR. BRODSKY: Thank you, your Honor.

Your Honor, counsel, Madam Forelady, ladies and gentlemen of the jury, my name is David Brodsky. I am an Assistant United States Attorney. Frank Wohl, also an Assistant United States Attorney and I are privileged to represent the United States of America in this case.

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2 prosecution of three men charged with conspiring to
3 acquire and maintain an interest and control of a
4 legitimate business through the use of extortionate means
5 and by committing acts of mail fraud and bankruptcy fraud.
6

7 These three men, Samuel Falgiano, Anthony
8 Cavasano and Anthony Soldano, did not act alone, but they
9 are the only ones standing before you on trial and the
10 only ones whose guilt or innocence you should be con-
11 cerned with.

12 The others with whom they conspired and with
13 whom they committed acts of fraud against the creditors
14 of the legitimate business they took over, and against the
15 United States of America, were Stephen Schustek, Nathan
16 Cohen, Ira Schultz and Michael Hollerman.

17 Stephen Schustek was named by the grand jury as
18 a defendant in this indictment. He has pleaded guilty
19 to that indictment --

20 MR. LYON: Objection.

21 MR. WALLACH: Objection.

22 THE COURT: I take it he will appear as a
23 witness in this case?

24 MR. BRODSKY: He will, your Honor.

25 THE COURT: All right. Overruled.

26 As long as you have chosen to mention this in

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2 your opening, I will state this, however:

3 The fact that any person pleads guilty in a
4 case of this kind is not to be taken as any evidence
5 whatsoever of the guilt of those who remain on trial.
6 Mr. Schustok may be guilty and the other defendants here
7 not.

8 Proceed.

9 MR. BRODSKY: Thank you, your Honor.

10 He has pleaded guilty to the charge of
11 conspiring with these defendants and others to take over
12 and maintain an interest and control of this business
13 by the unlawful means I have described.

14 He will testify for the Government in this case.
15 He will tell you of the origins of the conspiracy, how
16 it was carried out. He will testify as to what he
17 did and said and saw and what others did and said in
18 furtherance of this conspiracy.

19 Nathan Cohen will also testify for the Govern-
20 ment. He is charged with being a co-conspirator of
21 these defendants. He will tell you that in August,
22 September and October of 1970 he owned a thriving beauty
23 supply wholesale business and retail business on Long
24 Island. The names of the retail and wholesale
25 businesses were mentioned by Judge Esher yesterday,

1 17
2 H. H. R. Supply and Merchandise Plus. They really
3 are and company, as Cohen will tell you.

4 He will tell you that he was the dominant
5 partner in this going business with two other men and
6 that because of the very tight money situation which
7 existed in the nation at that time the company was hard
8 pressed to maintain its impressive rate of growth to that
9 point.

10 Cohen will tell you that he and his partners
11 had a basic disagreement about which way the company should
12 go, further expansion or retrenchment. Cohen will tell
13 you that he was the original founder of this company and
14 that he had the first right to buy his partners out.
15 He and his lawyer decided he should buy his partners out.

16 Cohen and an acquaintance of his, Ira Schultz,
17 who is also charged as a co-conspirator in this case,
18 went looking for additional financing for this company.
19 Cohen asked Schultz to help him because Schultz was a
20 former stockbroker and had told Cohen he was interested
21 in joining him in this business. Cohen will tell you
22 that he needed \$20,000 to buy his partners out and about
23 \$100,000 or \$150,000 to put enough money into the firm
24 so that he could maintain his rate of growth and bring
25 his accounts up to date. Cohen will explain these

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2 matters to you.

3 This is the middle of October 1970. Cohen and
4 Schultz went to Schultz' own firm in Manhattan, but no
5 one there could help Cohen find additional capital.
6 Cohen had previously gone to his bank, the bank that he
7 did business with every day, but the bank couldn't help
8 him either because of the tight money situation.

9 After Cohen and Schultz left the firm that
10 Schultz had formerly been associated with, they went to
11 see Schultz' cousin, Michael Hollerman, who had a
12 private investment company in Manhattan. Hollerman was
13 also named as a defendant in this case, but he is not
14 on trial before you. //

15 Hollerman told Cohen and Schultz he could
16 probably find private capital of the amount they needed
17 from the company he knew in the Bahamas but it would
18 require Cohen and Schultz to put up a finder's fee of
19 about \$25,000. Cohen and Schultz didn't want to do this,
20 but they were persuaded by Hollerman that if they put up
21 two-thirds of the \$25,000 Hollerman would put up the rest
22 up to 25.

23 Hollerman also gave Cohen 5000 shares of a stock
24 to put up as collateral so that Cohen could borrow money
25 at the bank to put up his share of the \$25,000. Cohen

1 Cohen
2 went to the Bank on November 2nd, 1970 and borrowed on
3 the stock. That night he gave \$10,000 in cash to
4 Hollerman and Schultz gave \$6500 in cash to Hollerman at
5 the airport. Hollerman was supposed to take this
6 money to the Bahamas to arrange the financing, and Cohen,
7 Schultz and their lawyers were supposed to join them in
8 the Bahamas later that week for the closing.

9 Now, as far as Cohen was concerned at this
10 moment, he will tell you the deal was a good one and he
11 would soon have enough capital to buy out his partners
12 and bring his accounts up to date and he would be able
13 to keep the business expanding.

14 So he met with his partners on November 2nd
15 and agreed to buy them out by the end of the next week,
16 by which time he expected that the deal with Hollerman
17 and Schultz would have closed. But for some reason he
18 couldn't buy them out, however, his partners agreed with him
19 that they would buy him out by that closing date.

20 Almost a week went by and other meetings were
21 held in which draft contracts were looked at and approved
22 by the attorney for Cohen, by the attorney for this
23 Bahamian company and by others.

24 Late in the week, Cohen and Schultz began to get
25 nervous because they had had no word from Hollerman about

the deal in the Bahamas and in fact had been told not to come to the Bahamas for the closing. Cohen and Schultz were looking for Helleman and they found him at his home on Sunday evening, November 8th.

Helleman told them the deal in the Bahamas had been changed, or had to be changed, and he told them new details, including substantial personal guarantees by Cohen and his wife and Schultz and his wife for this amount of money. Cohen and Schultz didn't like the new terms at all. What had been a good deal was now coming bad.

Cohen told Helleman he had to buy his partners out by that Thursday and the price was \$30,000 or he would lose his business. Cohen asked for his money back, the \$30,000 he had given them. Helleman said he couldn't have it, it was still in the Bahamas.

Cohen will tell you he was desperate, he would lose his whole business by Thursday. Helleman said he would give Cohen \$30,000 by Thursday and proposed --

MR. MICH: Your Honor, could we interpose an objection to words such as "desperate" and situations that are not going to be, I assume, allowed in evidence as to the state of mind --

THE COURT: All right. I will advise the jury

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3 to disregard the use of the word "desperate," except they
4 may be entitled to take into consideration what the
5 state of mind of a man was in connection with what his
6 reaction should be expected to be.

7 I feel, Mr. Lyon, that you should save your
8 objections to the end of the opening statement. If I
9 feel to instruct the jury in any connecting way, I will
10 do it at that time.

11 MR. LYON: May I just add that Mr. Brodsky be
12 instructed to please eliminate those colorful words?

13 THE COURT: No, I won't make any instructions.
14 Mr. Brodsky is an experienced trial attorney here and knows
15 the law as well as the rest of us, and if he should make
16 any mistakes and you believe a correction is necessary,
17 you will talk about it in the ruling room and I will give
18 an appropriate instruction at that time.

19 MR. BRODSKY: Thank you, your Honor.

MR. PROCTOR: Hollerman proposed that after Cohen
paid off his partners with the money Hollerman would
supply from some source the company could go into a
Chapter XI proceeding in bankruptcy whereby Cohen would
enter into some arrangement with his creditors and start
the business off fresh. Cohen said he didn't want his
name associated with any bankruptcy, he had built the
business up on his good name and his good reputation and
he didn't think of solving his business problems that way.

The proposition then was that someone else
would come in and front the company and Cohen would
sell the company to someone else, and that way Cohen
would not be associated in any way with the bankruptcy.
Then, when the business got on its feet again, Cohen
would be brought back in.

Cohen said he would think about it overnight,
he did, and the next day he and Schultz came back to
Hollerman's office and they said they would take the
money from Hollerman to buy out his partners that week.
Hollerman identified the front man as Steven Schustek, who
was close with Hollerman and who, incidentally, Cohen had known
previously when having been a member of the same golf club.
Hollerman was to give Cohen \$30,000 the next day. The
day was Armistice Day, November 10th.

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Cohen and Schultz went to Hollerman's -- I
am sorry; the next day was November 10th, Tuesday. They
went to Hollerman's office. Hollerman gave \$20,000
to Cohen. Cohen gave it back saying he wanted 30, not 20.

The next day was Armistice Day, November 11, 1942.
Hollerman and the others met at Hollerman's office.
Hollerman now told Cohen that he was borrowing the money
from a piglock, and since it was a bank holiday he was
having trouble getting the money. Hollerman then asked
a man named Sammy to corroborate this story. Sammy
did. Sammy is this defendant, Samuel Falgiano, also known
to these people as Sammy Pee.

Cohen and Schultz left and came back later.
When Cohen came back he was picked up by Hollerman's
chauffeur and taken to the Shelton Towers Coffee Shop,
Upper Manhattan, where Hollerman, Schultz, Sammy and
others were having a meeting. Cohen was brought in and
told in the presence of Hollerman and another man, Tony,
that the wig would be three points per week and would
be paid. Cohen will tell you that when he heard the
words "wig" and "three points" he knew that that meant
3/4 of 1 cent of interest per week on the loan. Cohen agreed
and left.

The man Tony in the Shelton Towers Coffee Shop

was this defendant Anthony Soldano.

Steven Schustek will tell you that during that week he, Hollerman and Soldano had driven from Manhattan to Queens to get more money from the buyer and that Soldano gave Hollerman and him a couple of thousand dollars in a restaurant called the Savoia in Queens owned by Sammy Falgiano's brother.

The next day Schustek and Falgiano met at Hollerman's house and drove to the Franklin National Bank. That was Cohen's personal bank. There they met Cohen and Cohen. Hollerman gave Cohen only 25 or 26 thousand. He had come up sore.

Cohen, Schustek and Falgiano went into the bank to count the money. When they waited around for more money to arrive and it didn't arrive, they finally left without paying the bank checks. Cohen took the \$26,000 in cash to his partners and they agreed to take \$20,000 in cash and three or four thousand in actual merchandise. Now Cohen owns the business with the money provided to him by Hollerman and the Shylock.

The next day Schustek, Hollerman, Falgiano, Cohen, Schuster go to Cohen's lawyer's office, and now Schustek, the front man, buys out Cohen with three \$17,000 notes totaling \$51,000.

that

That week Cohen and Schustek are told that the vig on the loan was to be paid in cash weekly and was to be \$1250 a week, more or less. That was the vig to be paid to Anthony Soldano. In addition, Schustek was to draw a weekly salary, he was told, of \$500, of which he was to keep \$200 and the other \$100 was to go to Hellerman and another \$100 to Schultz and a third \$100 to Falgiano.

The first week everything went as planned, except for one factor: Hellerman had Schustek take some checks out of the back of the checkbook to pay him some extra money, \$2500. When Falgiano and the others heard this, Falgiano ordered that Schustek would now be a spy for them and Cohen would take orders from Falgiano. Falgiano also said they would now put into effect the bust out of the company.

Cohen and Schustek will tell you that when they heard the words "bust out" they knew that that meant a fraudulent bankruptcy. And Falgiano told Cohen to build up the inventory in the company, which Cohen had built up to about \$400,000, and they would sell it off at 70 cents on the dollar below cost. Then they would stall the creditors off, not paying anyone, and build up the cash in the account. Finally, they would write checks and go to Las Vegas and cash them at a

12. When the bankruptcy when anyone later asked
13 about the money, where it had disappeared to, they
14 would say they gambled it away.

15 Faigiano said that after the bust out and the
16 checks were cashed, Schustek would get 10 per cent off the
17 top, Faigiano and Hollerman would get 50 per cent and
18 Cohen and Cohen with 50 per cent of the rest. The
19 money going back to Goldano would be paid back out of
20 Schustek's and Hollerman's 50 per cent.

21 At about this time Faigiano and Hollerman also
22 told Cohen and Schultz and Schustek that they had borrowed
23 \$10,000 from another Shylock, Tony the Indian. The vic-
24 timization was to come out of this loan also at the rate
25 of \$1500 a week. Schultz said they had agreed to this
26 but Cohen also got \$1500 a week, because the deal
27 had been 50 per cent for Hollerman and Faigiano's side,
28 50 per cent for Schultz and Cohen's side, and they were
29 ordered to hand out this \$1500. Tony the Indian is this
30 man, Mike Caravano, also known to these people as Al
31 ...

32 Schustek is now paying the following amounts
33 out of this company which short weeks before had had trouble
34 paying her creditors. Of course they weren't paying
35 their creditors now \$1350 a week, \$1350 a week to Col-

... \$1500 to Cohen for his weekly salary, \$500 to himself for his salary; of which \$100 went to Palgiano, \$100 to Helleman and \$100 to Schultz, for a total of \$300 per week.

In the first three weeks of December the creditors of the company who had not been paid in weeks before the bombing, Cohen and Schustek with requests for payment. Following Palgiano's instructions they stalled the creditors by writing a false and fraudulent letter as part of the scheme to defraud these creditors.

Cohen signed the letter, which assured the creditors the company's business practices would resume shortly and stated there would be a long and profitable relationship for all.

Palgiano and Helleman told Cohen at this time to build up the cash in the account to \$100,000, or a little more than that, in preparation for the bust-out. The total that \$100,000, or a little more, was to go to Cohen for his vig -- for his loan and to Tony the Indian, the Philadelphia Cavano, for his loan. Cohen said he would do it, he doubted he could do it.

In late December, just before Christmas, Palgiano, Cohen and a second Shylock, Tony the Indian, met at ... Palgiano said that Tony had a piece of the

...in fact, he owned part of the business now, and he would go to Las Vegas with him on Monday, the 23th. Falgiano told the same thing to Schusack. Falgiano told Cohen to have \$80,000 in the bank by Monday. Cohen said he would try but he just didn't think he could do it. Cohen knew that at that moment there was only \$50,000 in the account.

On Sunday night Cohen received a phone call in which he was told, which he will tell you about, that if he didn't get the money to the bank by the next morning he was dead. You will hear what Cohen did. Cohen had \$50,000 in the bank account the next morning. Falgiano would have his \$80,000 to take to Las Vegas.

Schusack and Falgiano went to the bank on Monday, the 23th, and drew out \$80,000 in certified bank checks. Then they picked up tickets and flew to Las Vegas with Tony the Indian, the defendant. The tickets were to Las Vegas. The tickets were for Falgiano, Schusack and Tony the Indian. They had already started to in my opinion, and Tony the Indian, the defendant.

In Las Vegas they tried to cash the checks but

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they had no luck. You will hear Schustek tell you what happened, including one incident in which he gave \$10,000 in chips to Sizoo but had to turn it back because of the casino's rule.

On January 4th Falgiano and Schustek flew to Miami to meet Hellerman. They will now try to cash the checks at a casino in Nassau. Schustek deposits the checks in Nassau as a casino. The plan now is to leave the money there and try the same trick as filed in Las Vegas, namely, to use the casino as a bank.

Meanwhile, no vig had been paid since before Christmas and Schustek is under pressure to pay this double vig, vig to Soldano, vig to Cavasone. Schustek is now also under pressure from Falgiano to get the other \$20,000 from the company to fully pay off both Phylocks from the company's accounts. Schustek withdraws \$10,000 from the bank and he and Cohen also pay Soldano his vig payment for that week but they just don't have enough cash to pay Falgiano the money he needs. Schustek picks Falgiano up at the airport and Falgiano up at the airport and Falgiano tells Schustek he is in trouble for failing to pay, and if he wants to get protection he better run to Hellerman for protection. And so he runs to Hellerman for protection and somehow Hellerman arranges a truce so that

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Schustek, who is now under terrific pressure to pay, returns to New York to get more cash for the vig payments, and he gives Hellman the money for Palgiano.

On January 13, 1971 Schustek and Palgiano meet for the last time in the Savoia. Schustek hands the \$30,000 in checks to Palgiano and they discuss the fact that the next day he and Cavaseno and another man will leave for the Bahamas to pick up the \$80,000.

The next day Palgiano calls Schustek and they arrange to meet at the Savoia but Schustek does not appear at the Savoia, and Cavaseno and Palgiano fly to Nassau to get the \$80,000. For some reason the money could not be withdrawn and they returned to New York.

On January 26, 1971 Nasso Beauty Supply Center was thrown into bankruptcy, to be followed early in March by Merchandise Plus, Inc. The circle is now complete.

In five short months these defendants had conspired to acquire an interest in and control the legitimate business of Nathan Cohen. They had extorted money weekly from him, Schustek; they had caused creditors of the business to be defrauded; they had caused the business to be bankrupt, to be busted out, and they had caused assets of the business, money, cash, checks, to be taken fraudulently and concealed from creditors and the trustee in

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bankruptcy. When this trial is completed and concluded I am confident that you will find evidence the government presents to the guilt of these defendants to be overwhelming and that you will find these defendants, Sam Pelgiano, Anthony Cavaseno, Tony the Indian, and Tony Soldano, guilty beyond any reasonable doubt.

Thank you.

THE COURT: Thank you, Mr. Brodsky.

Gentlemen, do you choose to make any opening?

MR. LEON: Yes.

If the Court please, Mr. Brodsky, counsel, Madam Justice, ladies and gentlemen of the jury:

I wonder whether you remember at this time, after the discussion or presentation by Mr. Brodsky, that His Honor told you early in the trial that whatever is said in the opening is not evidence.

You have heard Mr. Brodsky talk about facts as if he knows them himself. I submit to you that when the testimony comes out you will find that Mr. Brodsky has simply accepted that which he has heard from Mr. Cohen and Mr. Schubert and whichever other witness he may have.

In conclusion you to please wait and hear from the horse's mouth, let's hear from the witnesses themselves what they say, and see whether we believe them.

Schmolek-direct

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And then Hollerman said that, you know, this is what we will do for you: your salary and so on and so forth. And I said okay.

Q Mr. Hollerman said this is what he'll do for you. What was he referring to? Do with respect to what?

A In return for my being president of the company. I was supposed to get \$500 a week and they would pay for my car payments, you know, my car, and pay my Diners? Club bills.

Q I am sorry. I can't hear you.

A My Diners? Club bills.

Q And what was the name of the company that you were supposed to become president of?

A Mexico Beauty Supply and Merchandise Plus.

Q And you mentioned two names. What are the names of the two names?

A Well, they were both companies -- they were both different corporations.

Q Really one company?

A Essentially, yes.

Q And what role, if any, was Mr. Cohen supposed to have in this arrangement when you became president, and to you by Mr. Hollerman?

Schachtel-direct

A Well, he was going to stay as general manager and run the company. I had no knowledge of the business, you know.

Q Did Mr. Hallockman say anything to you in this conversation about what role he would have?

A Not offhand. He just told me what, you know, the compensation and about the car and the Dinero.

Q Did you know whether Mr. Cohen was the sole owner of the company that you referred to at that time when you had this conversation?

A: At the time he wasn't because he had other commitments.

Q And do you know of your own personal knowledge
in respect of conversation which you participated in with Mr.
Cohen and as to his respect to his partners?

2. Well, he was going to buy his partners out and then in turn, when he had full control of the companies sell them to me.

Q Who told you that, if anyone? How did you
come to learn that?

A Well, I mean, there were conversations with Holloman and Cohen and myself, you know.

MR. DRACHLEY: I have no object unless he can

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Schustek-direct

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2 Q Mr. Schustek, who was present in the office
3 of Mr. Cohen's lawyer when you closed the deal with
4 Mr. Cohen?

5 A Well, there was Cohen and myself, Cohen's
6 lawyer --

7 THE COURT: What was his name?

8 THE WITNESS: Durt Corin.

9 A -- Morris Winters, Michael Hellerman, Sam
10 Salzman and myself and Ira Schmitz.

11 Q What happened at the meeting, the closing?
12 What did you do?

13 A Well, I signed three notes to Cohen and signed
14 the bill of sale, the contract, and they gave me the
15 check books.

16 Q How much were the three notes for?

17 A The three notes were for \$17,000 each.

18 Q What was the total purchase price for the
19 property?

20 A The total purchase was \$102,000.

21 Q How was that to be paid?

22 A I was supposed to have given Cohen \$51,000
23 in cash and the \$17,000 notes represented the balance.

24 Q Three \$17,000 notes?

25 A That's correct.

Schustek-Elmer

S.M.

Q We met with a man by the name of Steve DiPasquale, and he took me into the offices of the Paradise Island Casino, and we deposited the checks there and told him that we would be down in about a week or ten days to gamble.

Q Were you with Mr. DiPasquale when this took place?

A I was.

Q Did you speak to anyone at the casino?

A There was a man running the office there, I believe. His name was Peterson, and he gave me, you know, the address, and I filled out a credit application. He gave me a lot of brochures.

Q What did you tell Mr. Peterson?

A I told Peterson that I wanted the casino to cash these checks so that they would have cash, that once I got I took down a number of my business clients on a number of things, and that one of the ways of rewarding them for doing business was for me to give them substantial amounts of cash, and I didn't want any issue to be made. I thought they'd do a tremendous amount of gambling, but that they would already have cashed the checks so there would be no question about the casino giving them the money. That was the reason I wanted the checks cashed, you know, and cleared before we came down.

Schustek-direct

535

Q Were any arrangements made with respect to getting?

A All I was told by Peterson, that they would have, you know, good accommodations for my party and, you know, everything would be first class.

Q Did you tell Mr. Peterson when the party would be coming down?

A He told him in about a week, a week or ten days from then.

Q Who if anyone was with you and Mr. DiPasquale when this conversation took place?

A I believe it was just Mr. DiPasquale and myself. Hollerman and Paladino I think were waiting in the car outside.

Q What happened after you were at the casino that day? Where did you go?

A I returned to New York.

Q Did you have any conversation with Mr. Hollerman with respect to additional moneys?

A Well, there was an additional \$20,000 that we had to get.

Q With respect to that, sir, who told you about the additional \$20,000?

A Well, the additional \$20,000 --

Cohen-direct

Q Was it \$20,000?

A \$20,000?

Q Right. He gave me \$4000 that night.

Q In cash, sir?

A Yes.

Q And what else, if anything, happened that
night?

A He just agreed to meet the following day at
Mr. Condon's office to have Mr. Schuster, in effect, buy
the business from me.

Q And did you meet the following day?

A Yes, sir.

Q What day was that? Friday, November 18th?

A Friday, November 18th.

Q Who was present in Mr. Condon's office?

A Mr. Condon, Mr. Winters, myself, Mr. Schuster,
Mr. Coburn, Mr. Holloman and Mr. Belgiano.

Q And what happened in the office?

A Mr. Schuster bought the business, bought my
share, on the stock that I owned in the company.

Q And do you have before you, Mr. Cohen, Government
Exhibit 1-F for identification?

A Yes.

Q Can you identify that, sir?

1 Jgs

959

2 J O H N A. P E T E R S E N , called as a witness
3 by the Government, being first duly sworn, testified
4 as follows:

5 DIRECT EXAMINATION

6 BY MR. BRODSKY:

7 Q Mr. Petersen, could you keep your voice up so
8 the jurors at the end of the jury box can hear you?

9 a Yes.

10 Q By whom are you employed?

11 A At this time? By Good Time Tours Travel
12 Agency.

13 Q By whom were you employed in 1970 and 1971,
14 sir?

15 A Paradise Enterprises, Ltd.

16 Q In what capacity were you employed?

17 A I was office manager in Miami Beach.

18 Q You said office manager?

19 THE COURT: In Miami Beach, he said.

20 Q Did there come a time in December of 1970, sir,
21 that you met a man named Stephen DePasquale?

22 A Yes, sir.

23 Q Will you tell us when that was and where that
24 was?

25 A It was in the latter part of December 1970, in

jgs

Petersen-direct

060

the office on Arthur Godfrey Road in Miami Beach.

THE COURT: In your office, did you say?

THE WITNESS: Yes, sir.

Q Will you tell the Court and jury what happened on that occasion, sir?

A Mr. DePasquale told me that he would like to go to Paradise Island, which is in Nassau, and a couple of his friends. and they wanted to go over there to gamble, and also that he would bring me some checks, or have one of his friends bring me some checks, that they would for gambling purposes.

Q And did Mr. DePasquale mention an amount, sir?

A I think he said something like 50 or 60,000 dollars at that time.

Q Now, did there come a time thereafter, sir, when Mr. DePasquale came back to your office?

A Yes.

Q When was that?

A Approximately a week later, something like that.

Q Would that be early January, sir?

A Yes, sir.

Q And was Mr. DePasquale accompanied by anyone else?

jgs

Peterson-direct

961

1
2 A Yes, a gentleman he introduced as Mr. Schustek.

3 Q Would you describe Mr. Schustek?

4 A Heavey set man, pretty heavy, big.

5 Q When Mr. DePasquale and Mr. Schustek came to
6 your office, it was the same office that Mr. DePasquale
7 had come to previously?

8 A Yes, sir.

9 Q And what happened on that occasion?

10 A They gave me some checks.

11 Q When you say "they," Mr. Petersen, can you be
12 more specific?

13 A Mr. Schustek gave me the checks.

14 Q How much did the checks total, sir?

15 A \$90,000.

16 Q At that time, did you notice, sir, on what bank
17 the checks were drawn?

18 A The Franklin Bank in New York.

19 Q Franklin National Bank?

20 And did Mr. Schustek say anything to you, sir?

21 A Yes. He said he was going to go to Paradise
22 Island, and I told him that I would put the checks in,
23 deposit them for collection and, after they cleared, they
24 could use the money o gamble with.

25 And did Mr. Schustek say anything else about

1 jgs Petersen-direct 962
2 who would be using the money to gamble?
3

4 A He said there was a group, his friends, he and
5 his friends.

6 Q And thereafter, Mr. Petersen, what happened
7 with the \$80,000 worth of checks?

8 A I deposited them the following day in the bank
9 in Miami Beach.

10 Q Now, thereafter, Mr. Peterson, did you receive
11 a telephone call from Mr. Schustek?

12 A Yes.

13 Q And can you place that telephone call in terms
14 of Mr. Schustek's first visit to you?

15 A It was three or four days later.

16 Q A few days later?

17 A Yes, sir.

18 Q And what did Mr. Schustek tell you?

19 A He wanted to know if the checks had cleared.

20 Q And what did you tell him?

21 A They had not.

22 THE COURT: I didn't hear you.

23 THE WITNESS: They had not.

24 Q Mr. Petersen, is this Mr. Schustek that called
25 to ask you about the checks that had cleared?

A Well, Mr. DePasquale I think called and Mr.

jgs

Petersen-direct

963

Schustek also called.

Q When Mr. Schustek called -- I am not asking you about Mr. DePasquale's call; when Mr. Schustek called, what else did he say, if anything?

A Well, I think he said he didn't want anybody else to use the money until he was on the scene or at least in Nassau.

Q Did Mr. Schustek tell you who else would be coming with him, give you any names?

A He mentioned a couple of names at that time.

Q Do you recall the names at this time, sir?

MR. LYON: I'll object to that.

THE COURT: Overruled.

A I just faintly remember. I think it was a Mr. Mauro and a Mr. Abait or Abate.

MR. BRODSKY: I have no further questions.

I think the record ought to reflect at this time that material has been made available to the defense with respect to this witness and the preceding witness as well.

THE COURT: Very good. Thank you.

CROSS EXAMINATION

BY MR. LYON:

Q This Stephen Schustek, he is a young man, isn't

Petersen-cross

jgs

he?

1 jgs
2 he?
3 A What would you call young? 40, 50 years
4 old?

5 Q Schustek is?

6 A Yes. He is a big, heavy man, the man I saw.

7 Q Is he bald?

8 A I didn't notice his hair, really.

9 Q Did he wear a mustache?

10 A I don't think -- no, he didn't wear a mustache.

11 Q I beg your pardon?

12 A He did not wear a mustache, at least not to
13 my remembrance.

14 Q You don't see him in this courtroom?

15 A No, I don't see him.

16 Q Now, after you got the checks, those \$80,000 --
17 is that right?

18 A Yes.

19 Q You were told that the checks were deposited
20 with you so friends of his could gamble?

21 A Yes, he and his friends.

22 Q He and his friends.

23 A Right.

24 Q And then you got a call from him not to give it
25 to anybody.

jgs

Petersen-Cross

965

1
2 A Right.

3 Q Did anybody try to gamble on that, on those
4 checks?

5 A Not that I know of.

6 Q Nobody tried to use those checks for credit
7 to gamble, isn't that correct?

8 A Not that I know of, because I'm in Miami
9 Beach and that would have happened in Nassau, see?

10 Q Well, did anybody --

11 A I never heard that they did, no, sir.

12 Q Nobody reported back to you and asked for
13 credit --

14 A No, sir.

15 THE COURT: May I ask a question?

16 Were you ever advised whether the checks
17 cleared?

18 THE WITNESS: Yes, sir.

19 THE COURT: And did they or did they not?

20 THE WITNESS: Yes, sir.

21 THE COURT: Do you know what happened to the
22 proceeds of the checks?

23 THE WITNESS: Well, credit was established in
24 Nassau at that time.

25 THE COURT: For Mr. Schustek?

jgs

Petersen-cross

THE WITNESS: For Mr. Schustek, yes.

Q But you sent word, did you not, that nobody was to get credit except Mr. Schustek?

A Right.

Q And nobody told you of anybody else trying to get credit?

A No, sir.

Q As far as you know, nobody else did try to get credit, as far as you know.

A That's correct.

MR. LYON: Excuse me.

(Pause.)

Q And this DePasquale, is that somebody you knew before?

A No, sir.

Q You never knew him before.

A No, sir.

Q But when he came in with Mr. Schustek, who had the checks?

A Mr. Schustek.

THE COURT: Any questions, Mr. Muney?

MR. MUNEY: No questions, sir.

THE COURT: Mr. Brackley?

MR. BRACKLEY: No, Judge.

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Petersen-

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THE COURT: Thank you.

MR. BRODSKY: The Government has no redirect.

THE COURT: Thank you very much.

(Witness excused.)

MR. BRODSKY: The Government calls Mr. Rieser.

- -

N O R V I N H. R I E S E R , J R . , called as
witness by the Government, being first duly sworn,
testified as follows:

DIRECT EXAMINATION

BY MR. WOHL:

Q Mr. Rieser, what is your business?

A We are in the hair accessory business, Venida
Products.

Q Have you ever had any dealings with a company
called Natco Beauty Supply Center, Inc.?

A Yes, sir. We had sold them some merchandise.

Q When was that?

A If I may go to the exact date.

Q What is that you were looking at, Mr. Rieser?

A Copies of the file that we have on the Natco
account.

Q All right. Do you feel you need to refresh
your recollection from that?

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means that they have come to the end of presenting their affirmative case. We will have no further proceedings today, which is somewhat unusual, but there are various reasons why counsel and I cannot spend further time in the trial today.

I regret to say that I must participate in another court proceeding with two other judges tomorrow morning which will occupy me until about 11.30. You are excused at this time to return to be here at 11.30 tomorrow morning. We will go forward with the case at that time.

Please remember that even though the Government has completed the presentation of its case, you are by no means free to discuss the case. The same instructions apply as have throughout your acting as jurors here.

I do contemplate that we should conclude the case probably by Wednesday and it is possible earlier, but I don't know. In any event, we are well within our time schedule and I hope you enjoy your day off. You are excused.

(Jury not present.)

THE COURT: Let's take a brief ten-minute recess and then I will hear your motions.

MR. MURPHY: May we have a moment inside with

1 lma

2 you?

3 THE COURT: All right.

4 (Discussion off the record in the robing room.)

5 (Recess.)

6 (In open court, jury not present.)

7 THE COURT: Mr. Brackley?

8 MR. BRACKLEY: Your Honor, at the end of the
9 Government's case the defendant Soldano would move to
10 dismiss the indictment against him as not being founded
11 on any factual evidence and also it would be invalid as
12 a matter of law with respect to the substantive counts
13 and the conspiracy count.

14 Your Honor, although you have heard all of
15 the facts in the case, even assuming the testimony
16 against Soldano were to be taken as true, to wit, that
17 he was sitting in a restaurant when Cohen came in and
18 Cohen was asked to agree to 3 per cent, 3 per cent of what
19 I don't know, but they say it is 3 per cent a week
20 viggorsih, as they call it, to accept that I still don't
21 see Soldano coming in with any affirmative act at that
22 time.

23 There is conflicting testimony on when that
24 took place. One example of it is on the 11th, and then
25 Schustek says that some time before the closing, two or

1hc

three days before the closing, he was in the Savoia when Soldano handed Hellerman some money.

That fact, again taken by itself, is significant of what? That Soldano gave some money to Hellerman. How it is connected into this case, I don't know, even assuming that it were true.

Soldano's next participation is some time around January 5, and there is all sorts of conflicting testimony of that, and I'm sure the jury would be able to see it if it became a question for them. The FBI reports do not show it, and both Cohen and Schustek tell a different version. Cohen has them inside and Schustek has them outside when they are handed Soldano some money.

But even then, accept the fact that the money was given to Soldano and accept the fact, as they say, that it was wiggerish, how then is Soldano involved in the conspiracy to bankrupt this company? As the last witness, I think, testified, they were in arrears six months prior to this thing ever happening, which was around October 25.

So even accepting every factual circumstance against Soldano, I still feel the Government has failed to establish, No. 1, that he is part and parcel of this

p. 13

1138

man's chauffeur, to come. But in any event, whatever money they are looking for, they are short, has no relationship to the \$25,000, because Schustek said he got that money from Hollerman and he does not say where that came from, but from all we know it came from Hollerman, on the testimony. And if they had come up short and any other money had to be given, certainly it wasn't the money given the first week of November 9th, because nothing is happening that week.

So you see, when you examine the story, how it just can't hold water, it is just a way of putting names in a case to keep them out of jail?

Now again, although Mr. Soldano is not involved in any way, is not alleged to have been involved, to take it a step further and show you what a fraud the entire story is, because in the end you have to know, they got away with all the money and none of those people are in jail or going. So to carry out the scheme to see how successful they were, how they beat us out of everything, and now want to put three men in jail for their crimes, you will see how they got away with the money, they got away with the money. And you can believe they are still driving around in their Cadillac cars.

They claim they went to Las Vegas with \$30,000

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2 in checks. Now, they have the little fellow here from
3 Caesars Palace with all his records and this and that and
4 the other. Is there any record that Caesars Palace had
5 ever had a receipt for \$80,000 in certified checks from
6 the Fanningdale National Bank? Isn't that the
7 kind of a record you would want to see? Two men are out
8 there gambling.

9 Now, later on these two men are in the
10 casino. But what does the little man from Caesars
11 Palace say about the credit application that Hollerman --
12 that Schmidt was supposed to fill out? Why isn't that
13 there? It is a lie.

14 Would they not have to show you the receipts
15 for the \$80,000 in certified checks or did Caesars Palace
16 just take \$80,000 in certified checks and not give any
17 receipt and photostat something like that, which has to
18 be so important in any kind of a business venture later
19 on. That is a business record, certified checks in the
20 sum of not \$80, certified checks in the sum of \$80,000.
21 Now, lots of evidence that those checks are out there.

22 But all kinds of evidence that two men were
23 out there. Yeah, they are in Caesars Palace gambling.
24 They must be guilty. Right? But what evidence do you
25 have that \$80,000 was ever out there? None.

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Now we come again to the ingenuity of the
law. In they walk to Peterson, Schustek and
DePasquale. Now, I don't say DePasquale is Hollerman.
Don't say it. But you listen and see what happens and
remember the Calera Company, Plan A and Plan B, the
Hollerman-based corporation owned by Hollerman? Remember
that in the beginning of the case? Now what do
we have? \$80,000, and \$100,000 going where? Where
does it go.

1
2 To Nassau. Who is in Nassau? Galera Company.
3 Is Galera Company? Hollerman. You see what's
4
5 But now let's put some more people into it. We
6 to Peterson because they know Peterson has to remember.

7 Who comes into anybody with \$60,000 in checks
8 I says, "Look, I want to open up an account, I don't want
9 I don't want anybody bothering my clients, Mr.
10 Peterson. Here is \$60,000. Open up an account for me
11
12

13 Hollerman is in Nassau. Galera is in Nassau.
14 even been discovered. Peterson will certainly
15 that. And he does. He was here as a witness to
16 because they wanted him here as a witness to say it
17 they knew the roof was going to cave in and they could
18 three other people in jail for their crimes and have
19 ultimate swindle, the ultimate swindle of convincing
20 their lies a Federal court jury that three other men,
21 Saldano, my client, are guilty for their crimes
22, Arduzano, they enjoy all the money.

23 So you have Peterson remembering this horrendous
24 "Here is \$60,000 in checks. I want you to open up
25 account for my clients." Then three geons come down,
26 stay at the Britannia, they have the women here with

These numbers. They fell right into it.

Think it out how they have done it to us and what
are doing now to people. It is easy to say he said
he said that. But where is it corroborated by any-

This is deadly serious business. Three men are
in harm's way. They are in jeopardy.

Two men have been proven to be swindlers and liars.
They want to tell you a story and even if they tell it
it can't hold water because it can't be corroborated.
See everything they did was done with a purpose.

Where came so they could come in hard and tell you
and they planned that around the 1934 hole in
London Golf Club, long before they even knew any
thing, Bismarck or Soldano.

I want to go now into the conspiracy. They call
conspiracy. When you figure out there was no conspiracy
against us, you will have to go then to your other
side the indictment. Number one, that Mr. Soldano
and this whole scheme to bankrupt the corporation,
Bismarck and Schuchman and Hollerman and Cohen had nothing
to do with that. Mr. Soldano figured all of these
things out. He knows how to send letters to people, he
knows how to buy the mouthwash and he knows how to buy the
radio and the construction. He knows how to do all of

Best Copy Available

1143

1 He has all the contacts.

2 They charge him with doing this. Can you imagine
3
4 I will point him with any kind of a brush they have, any-
5
6 AS you just happen to be at the end of it and get
7 a little speck on you, you are a defendant in a criminal
8 case, in a conspiracy case.

9 I think you should know by this time that there is
10 only one reason why there is a trial, because
11 you was confronted with this indictment, and it is
12 in this courtroom so you may wonder about it, but
13 in I brought in and told these A's, B's, C's, D's and
14 E's and these systems and all the other crazy stuff,
15 the opportunity to say, "Guilty" or "Not guilty."
16
17 I brought in.

18 Then he says "Not guilty" that has the full force
19 of the law on each and every one of these allega-
20 tions, and nothing else is required. But from
21 my point of view if you find for any reason --
22 that Mr. Goldano should have explained this
23 and been perjured upon him and you are using
24 evidence against him, for God's sake, come in and
25 the judge if you are supposed to do it, because he will
26 get it.

27 This case will rise or fall on the witnesses put

by the Federal government. If they have convinced
me of his guilt in this conspiracy and those letters and
the rest of it, you can have him. But if they have
shown none, which they have, they can't have him. Any-
body in this country can be charged by the FBI or anybody
with any kind of crime. But no one can lay a finger
on anybody's head until twelve jurors, twelve
persons, who are not lawyers, not FBI men, not judges,
are so that live and can also be in the same jeopardy some-
times and convinced beyond what they call the reasonable
doubt of a person's guilt by clear and convincing evidence,
a pack of hundreds or any number
of things that happens to be popular nowadays.

As I say, by the time Mr. Lyon gets finished, Mr.
Buckley gets finished, the judge
finished, you won't even know who I am any more. I
don't care. You consider this case and if anything that I
say is borne out by the testimony in the case, which you
will have to, accept it. But you don't need me. You can
do your job. You don't have to have any training to
be able to happen to you.

They can say what they want, but saying is not
doing it. Proving it to twelve people beyond a reasonable
doubt is the test. It hasn't been done. Not because it

1145

...a horrendous case where they got away with the money.
...they got away with everything, that I don't care about.
...can have it all, but to give them the ultimate gratifi-
...of knowing while they are spending the money on their
...cables in Salora's corporation land down there in
...when they are riding around in their Cadillacs, the
...have it all, I don't care, they can have whatever the
...wants to give them as an advance to come in and
...I don't care, but don't let them have the ultimate
...of letting you convict an innocent man for their

...I think when you get through with the evidence
...will have to cry out for an acquittal for Mr.
...I thank you very much.

THE COURT: Thank you, Mr. Drachley.

MR. WALLACH: Your Honor, can I have a five-
...?

THE COURT: All right, we will take a very short

(Recess.)

MR. WALLACH: May I, your Honor?

THE COURT: Yes, Mr. Wallach.

MR. WALLACH: If it pleases the Court, Mr. Drachley
...I am sure you don't remember, my name is

SUPPLEMENTAL EXHIBIT VII

In the Matter of Natco Beauty Supply Center, Inc., Bankrupt.
(United States District Court, Southern District of N.Y.)
Bankruptcy No. 71-B-76
(Before Hon. Boris Radoyevich, Bankruptcy Judge)

- A. Transcript of hearing dated March 16, 1971.
- B. Adjudication of Bankruptcy of Merchandise Plus, Inc., dated April 5, 1971.
- C. Transcript of hearing dated April 6, 1971.
- D. Transcript of May 4, 1971.
- E. Proof of Claim for Internal Revenue Taxes, dated Aug. 23, 1971.
- F. Summons for "Stephen Schuster" [sic], District Court of the County of Suffolk, dated May 22, 1972.
- G. Order of July 24, 1974, signed by Hon. Boris Radoyevich.
- H. Trustee's Final Report and Account, dated April 28, 1975.
- I. Application for Allowance, dated June 9, 1975, signed by Jules Teitelbaum.
- J. Application of Trustee dated June 28, 1976.
- K. Order for examination, dated June 28, 1976.
- L. Subpoena to Witness (United States Attorney), dated June 28, 1976.
- M. Order Fixing Commissions, Fees and Allowances, dated July 1, 1976.

UNITED STATES DISTRICT COURT.
EASTERN DISTRICT OF NEW YORK
IN BANKRUPTCY

-----x
In the Matter

- of -

NATCO BEAUTY SUPPLY CENTER, INC.

Bankrupt.
-----x

West Wing Building
County Court House
262 Old Country Road
Mineola, Long Island
New York 11501

Tuesday, March 16, 1971
10:30 o'clock a.m.

B E F O R E :

HONORABLE BORIS RADOYEVIK,

Referee-in-Bankruptcy.

FIRST MEETING OF CREDITORS

MARTIN L. BLOCH
Official Bankruptcy Court Reporter
1 Brixton Road
Garden City, Long Island, New York 11530
Telephones: 516-PI-25327 & 516-1-0221

A P P E A R A N C E S : claim on file and two

HERZOG & TEITELBAUM, ESQS. [seized by the
Attorneys for the Petitioning
creditor Creditors

Office and P.O. Address

2 Park Avenue [seized by the Petitioning

New York, New York 10016

BY: SEYMOUR SILBERBERG, ESQ.,
Of Counsel

(There was no response.)

GOLDMAN, HOROWITZ & CHERNO, ESQS.

Attorneys for Creditors [seized by the

Office and P.O. Address

390 East Old Country Road

Garden City, Long Island

New York 11530 [seized by the

BY: JACOB M. GOLDMAN, ESQ.,

Of Counsel [seized by the Petitioning Creditors were various

PELLETREAU & PELLETREAU, ESQS. [seized by the

Attorneys for Creditor

into the Office and P.O. Address [seized by the

20 Church Street

Corporation Patchogue, Long Island [seized by the

New York 11772

BY: FREDERIC L. ATWOOD, ESQ., [seized by the

Of Counsel

seized by the Court of Suffolk County,

so that any new [seized by the] be obtained for the

estate would be obtained after litigation,

Judge. THE REFEREE: Is there an officer

of the debtor present? [seized by the] understand were

seized (There was no response.) [seized by the] prior

to the Any nominations? [seized by the] a creditor

and MR. GOLDMAN: I would like to [seized by the]

nominate Jacob M. Goldman, as Trustee. [seized by the]

to the I have one claim on file and two other claims with me all covered by the affidavit under the rule. Accept the claims THE REFEREE: Any other nominations? and declare Jacob M. Goldman duly elected (There was no response.) minimum Do you have any information concerning the assets of this bankrupt? MR. SILBERBERG: The information we have, Judge, is that there were various transfers that a trustee would have to look into between this corporation and another corporation which is not in bankruptcy and that all of the assets have been seized by the sheriff of Suffolk County, so that any assets to be obtained for the estate would be obtained after litigation. Judge. Another corporation doing business MR. GOLDMAN: I understand were seized under a warrant of attachment prior to the institution of suit by a creditor, and it would be necessary for the trustee to bring a proceeding to release the good

will request the court to the trustee.

THE REFEREE: If there are no other nominations, I will accept the claims submitted by Mr. Goldman for voting purposes and declare Jacob M. Goldman duly elected as trustee. I will fix a minimum bond of two hundred dollars with the understanding if any assets come into this estate you will properly notify the court so we may increase the bond.

MR. ATWOOD: Your Honor, there is presently a criminal investigation being conducted by the United States Attorney for the Southern District of New York in this case. The physical assets have been seized in an action brought by the Kaufman Lattimer Company, a creditor. There is another corporation doing business out of the same premises by the same principals. This corporation is called Merchandise Plus, Inc., and we have filed an involuntary petition putting Merchandise Plus in bankruptcy, and we, at an

appropriate time, will request the court to consolidate these proceedings, because the principals and the assets are indivisible.

plus also. We understand there has been some money recovered by the Federal Bureau of investigation of some of these substantial transfers prior to the seizure under the sheriff's warrant, so we expect there may be a substantial recovery in this case.

inside; THE REFEREE: This Merchandise Plus, are they operating?

date? MR. ATWOOD: They are closed down also and all of the warrants of attachment were served and executed against both Natco Beauty Supply as well as against Merchandise Plus and, as far as we know, the entire operation is ceased. They had a warehouse at 100 Cabot Street, Babylon, and whatever was there have been transferred by the sheriff to their retail store in Patchogue. There was a large amount of merchandise there and I

understand some of it has a limited shelf life consisting of hair sprays and beauty supplies.

MR. GOLDMAN: Was Merchandise Plus also referred to this office? Do you know what referee?

MR. ATWOOD: The petition was filed in the Eastern District on March 5. Mr. Herzog filed it as counsel for us.

THE REFEREE: You'd better check inside; it may be here already. Do you have any suggestion as to an adjourned date?

MR. GOLDMAN: I would suggest we adjourn it to April 8.

THE REFEREE: April 8, 10:30.

- - - - -

(Whereupon, the foregoing matter was adjourned to Thursday, April 8, 1971, at 10:30 o'clock a.m.)

United States District Court

184

FOR THE

Eastern District of New York

IN THE MATTER OF

Merchandise Plus, Inc.

IN BANKRUPTCY

No. 71B219

Bankrupt.

ADJUDICATION OF BANKRUPTCY

On the 5th day of April, 1971

The petition of The Kauffman Lattimer Co., 1200 East 5th Avenue,
Columbus, Ohio

filed on the 8th day of March, 1971, that

Merchandise Plus, Inc., 100 Cabot Street, Farmingdale, New York
be adjudged a bankrupt under the Act of Congress relating to bankruptcy, having been heard and
duly considered; and there being no opposing interest;

It is adjudged that the said Merchandise Plus Inc.

is a bankrupt under the Act of Congress relating to bankruptcy.

CERTIFIED COPY

FORIS RADOYEVICH

Referee in Bankruptcy.

Boris Radoyevich
Referee in Bankruptcy
U.S. District Court
E.D. of New York

Dated APR 7 1971

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
IN BANKRUPTCY

-----x

In the Matter

- of -

Case
71B76

NATCO BEAUTY SUPPLY CENTER,
INC., Bankrupt.

-----x

West Wing Building
County Court House
252 Old Country Road
Mineola, Long Island
New York 11501

Tuesday, April 6, 1971
10:30 o'clock a.m.

B E F O R E :

HONORABLE BORIS PADOYEVICH,

Referee-in-Bankruptcy.

ORDER TO SHOW CAUSE V. KAUFFMAN-LATTIMER CO.
AND ATTORNEYS RE: STAY SUPREME COURT

MARTIN L. BLOCH
Official Bankruptcy Court Reporter
1 Brixton Road
Garden City, Long Island, New York 11530
Telephones: 516-PI-23327 : PI-1-0231

A P P E A R A N C E S : subject to their be-

JACOB M. GOLDMAN, ESQ. appeared for the
Trustee-in-Bankruptcy
charges Office and P.O. Address : the
390 East Old Country Road
Garden City, Long Island
New York 11530
BY: SEYMOUR SILBERBERG, ESQ. came to
Of Counsel

PELLETREAU & PELLETRAU, ESQS.
Attorneys for KAUFFMAN-LATTIMER CO.
Office and P.O. Address
20 Church Street
Patchogue, Long Island
New York
BY: FREDERICK L. ATWOOD, ESQ.
Of Counsel

ASHARE & HUBER, ESQS. landlord with
Attorneys for Landlord-Creditor
Office and P.O. Address :
31 Oak Street
Patchogue, Long Island
New York
BY: JOHN HUBER, ESQ. I couldn't see
Of Counsel

There was any other asked against you.
I don't know - if - were named.

MR. SILBERBERG: I will, your
MR. SILBERBERG: May it please
the court, I have received this morning
an affidavit from the attorneys for re-
spondent, Kauffman-Lattimer Company, which,
in essence, and correct me if I'm wrong,
consents to the prayer for relief in the

order to show cause, subject to their being held harmless and reimbursed for the charges that incurred for preserving the assets. You have just adjudicated an estate call

THE REFEREE: You will have to make appropriate application. I advise

that MR. SILBERBERG: I will make separate appropriate application, your Honor. The landlord wishes to be heard.

advance MR. HUBER: I wish to submit an affidavit on behalf of the landlord with a copy of the lease and arrangements that presently exist and occupation, if your

Honor THE REFEREE: I couldn't see there was any relief asked against you.

I don't know why you were named. Little

MR. SILBERBERG: I will, your Honor, make any granting of relief here subject to application to pay any charges that are reasonable and proper as against these estates subsequent to the order of settlement. I want the receiver and

trustee. THE REFEREE: There being no

opposition the application is granted.

Submit your order. Settle order please.

MR. SILBERBERG: One thing, your Honor, you have just adjudicated an estate called Merchandise Plus, and inasmuch as Mr. Pelletreau's office advises that the assets are now held by the sheriff in the same premises, we would like to have an application submitted in advance of the first meeting by a creditor to hold a sale on the same day in the same premises of both estates so as not to accrue further use and occupation, if your Honor would entertain such an application.

THE REFEREE: It may be a little premature. You have to have a receiver appointed to do that. It would seem to me you have to have a receiver appointed if you wanted that kind of relief before the Trustee is appointed. I don't know how you can short cut the receiver and trustee. I wouldn't sign such an or-

der.

MR. ATWOOD: They had two corporations operated out of the same desk, and assets transferred in the name of the stockholder who took over in November. While there are two separate orders of attachment, there is no way of determining which is what and I know there are criminal proceedings now pending in this case and the principals are not available or cooperative to sort it out and we moved to have Merchandise Plus in an involuntary bankruptcy.

THE REFEREE: I looked at the papers this morning.

MR. ATWOOD: I received the order of adjudication this morning. We had intended to try and consolidate these.

If you feel, if there is any possible way that the sale can be held jointly by the same petitioner and the same trustee and so forth that the whole thing will go a lot quicker and for everybody's

benefit. We consent to anything which will expedite those proceedings, and we will submit a petition to have a joint sale if this is possible. Mr. Goldman says he thinks it is.

THE REFEREE: We will have to determine who the trustee is and the trustee will have to make a determination as to what belongs to who.

MR. ATWOOD: Couldn't it be sold and sorted out later?

THE REFEREE: It's rather difficult to do that. You have to make inquiry of a trustee; that's his job.

MR. SILBERBERG: Perhaps the quickest way to accomplish it would be to appoint a receiver to sell the property of Merchandise Plus.

THE REFEREE: How about the books of the company? Do you have them?

MR. ATWOOD: The United States Attorney has them, but they would transfer stuff back and forth without making

90

entries in the books.

e,

MR. SILBERBERG: I will be preparing an inventory on the records of the sheriff pending an inventory.

THE REFEREE: Thank you, sir.

- - - - -

UNITED STATES DISTRICT COURT
~~EASTERN~~ DISTRICT OF NEW YORK
IN BANKRUPTCY

- - - - -x

In the Matter

- of -

Index
#71B219

MERCHANDISE PLUS, INC.,

Bankrupt.

- - - - -x

West Wing Building
County Court House
252 Old Country Road
Mineola, Long Island
New York 11501

Tuesday, May 4, 1971
10:30 o'clock a.m.

B E F O R E :

HONORABLE BORIS RADOVEVICH,

Referee-in-Bankruptcy.

- - - - -

. FIRST MEETING OF CREDITORS

- - - - -

MARTIN L. BLOCH
Official Bankruptcy Court Reporter
1 Brixton Road
Garden City, Long Island, New York 11530
Telephones: 516-PI-23327 : PI-1-0231

A P P E A R A N C E S : Henry Lord, to be the

SEYMOUR SILBERBERG, ESQ. the Trustee
 Attorney for the Trustee
 in the Office and P.O. Address is been
 2 Park Avenue
 filed New York, New York 10017.

PELLETREAU & PELLETREAU, ESQS. are
 Attorneys for Creditor
 Office and P.O. Address
 20 Church Street
 Patchogue, Long Island
 New York 11772

BY: FREDERICK L. ATWOOD, ESQ. is a
 Of Counsel
 substantial amount of money which was

diverted. They estimate there is twenty-
 five or thirty thousand dollars in this

A L S O - P R E S E N T :

store, which is located in Ohio.

MR. JACK LUDEMANN, representing
 LUDEMANN ELECTRIC, Creditor-in-Person
 Office and P.O. Address
 the 465 North Main Street,
 Freeport, Long Island
 furnished New York 11520.

as of the start there will be two separate

sales and they will work initially from

those to MR. ATWOOD: The creditor

which I hold a power of attorney is the Kauf-
 man Lattimer Company, of Columbus, Ohio.

It would like to nominate Jacob M. Goldman,

390 East Old Country Road, to be the Trustee. Mr. Goldman is the Trustee in the Natco proceedings which has been filed and will be consolidated here.

THE REFEREE: Are there any assets?

MR. ATWOOD: I understand the law enforcement people did seize a substantial amount of money which was diverted. They estimate there is twenty-five or thirty thousand dollars in this store, most of which belongs to Natco.

MR. SILBERBERG: Inasmuch as the inventories are extant and they were furnished to the trustee and auctioneer as of the start there will be two separate sales and they will work initially from those two inventories albeit later and when the examinations based on the books and records bring to light there may be transfers from one corporation to another

address is 379 East Old Country Road,
but I think we should work with what we
have. He will qualify and submit
orders.

MR. ATWOOD: I would say what we
actually have now would be five thousand
but there may be substantial sums. I
don't have any personal knowledge which
were recovered.

office and the amount of claim.

THE REFEREE: Any other nomina-
tions?

(There was no response.)

I will accept the claim of Kauf-
man-Lattimer Company in the sum of
\$93,632.15 for voting purposes and de-
clare Mr. Jacob M. Goldman duly elected
as trustee by creditors and fix the bond
for the trustee at five thousand dollars
with the understanding the bond will be
increased in the event the estate warrants
it.

MR. SILBERBERG: I will advise
Mr. Goldman of his election, and his

address is 390 East Old Country Road,
Mineola. He will qualify and submit
orders.

May we have June 8?

THE REFEREE: June 8, 11:00
a.m. Mr. Ludemann, do you understand
what is going on? Go into my clerk's
office and file a proof of claim.

(Whereupon, the foregoing matter
was adjourned to Tuesday, June 8, 1971,
at 11:00 o'clock a.m.)

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- - - - -

UNITED STATES DISTRICT COURT
~~EASTERN~~ DISTRICT OF NEW YORK
IN BANKRUPTCY

-----x
In the Matter

- of -

Index
#71B219

MERCHANDISE PLUS, INC.,

Bankrupt.
-----x

West Wing Building
County Court House
262 Old Country Road
Mineola, Long Island
New York 11501

Tuesday, May 4, 1971
10:30 o'clock a.m.

B E F O R E :

HONORABLE BORIS RADOYEVICH,

Referee-in-Bankruptcy.

FIRST MEETING OF CREDITORS

MARTIN L. BLOCH
Official Bankruptcy Court Reporter
1 Brixton Road
Garden City, Long Island, New York 11530
Telephones: 516-PI-26327 : PI-1-0261

A P P E A R A N C E S : Henry Bond, to be the

SEYMOUR SILBERBERG, ESQ. the Trustee
Attorney for the Trustee
in the Office and P.O. Address has been
2 Park Avenue
filed at New York, New York 10017.

PELLETREAU & PELLETREAU, ESQS. are
Attorneys for Creditor
assets? Office and P.O. Address
20 Church Street
Patchogue, Long Island
New York 11772

BY: FREDERICK L. ATWOOD, ESQ. Vice a
Of Counsel

Substantive amount of money which was

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A L S O - P R E S E N T :

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MR. JACK LUDEMANN, representing
LUDEMANN ELECTRIC, Creditor-in-Person?
Office and P.O. Address
the above 465 North Main Street, New York
Freeport, Long Island
furnished New York 11520

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(There was no response.)

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as trustee by creditors and fix the bond
for the trustee at five thousand dollars
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office and file a proof of claim.

(Whereupon, the foregoing matter
was adjourned to Tuesday, June 8, 1971,
at 11:00 o'clock a.m.)

Form 4491
(OCT. 1968)

DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE **PROOF OF CLAIM FOR INTERNAL REVENUE TAXES**

BANKRUPTCY ACT PROCEEDINGS

IN THE DISTRICT COURT

FOR THE EASTERN DISTRICT OF NEW YORK

IN THE MATTER OF:

KATCO READY SUPPLY CENTER, INC.
100 Cabot Street & 200 Main Street
Farmland, New York

DOCKET NO. 71 B 76

TYPE OF
BANKRUPTCY PROCEEDING BANKRUPTCY

CLAIM OF THE UNITED STATES FOR INTERNAL REVENUE TAXES

TAXPAYER'S IDENTIFYING NUMBER:

Social Security No. _____

Employer Identification No. 11-2199963

The undersigned officer of the Internal Revenue Service, a duly authorized agent of the United States in this behalf, declares that:

1. KATCO READY SUPPLY CENTER, INC. is justly and truly indebted to the United States in the sum of \$3,391.00

2. The said debt is for taxes due under the Internal revenue laws of the United States as follows:

A. LIEN CLAIMS (Notice of Federal Tax Lien filed prior to Bankruptcy Petition date)

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE NOTICE OF TAX LIEN FILED
-------------	--------	------------	---------	-------------------------------

B. PRIORITY CLAIMS

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE TAX ASSESSED
Withholding & FICA	4th Qtr. 1971	\$5,991.00		8-13-71
FUTA	12-31-70	200.00		8-13-71
Withholding & FICA	1st Qtr. 1971	2,000.00		8-13-71
FUTA	12-31-71 -	200.00		8-13-71
		<u>\$3,391.00</u>		

C. UNSECURED CLAIMS

KIND OF TAX	PERIOD	AMOUNT DUE	REMARKS	DATE TAX ASSESSED
-------------	--------	------------	---------	-------------------

3. No part of said debt has been paid and it is now due and payable at the Office of the District Director of Internal Revenue;

4. There are no set-offs or counterclaims to said debt;

5. Except for the tax liens protected by notices of lien filed on the date above, the United States does not hold, to my knowledge or belief, any security or securities for said debt;

6. No note or other negotiable instrument has been received for said debt or any part thereof, nor has any judgment been rendered with respect to said debt; and

7. Said debt is to be paid to the extent provided by law. See sections 17, 64, 77e, 129, 337(2), 455, and 639 of the Bankruptcy Act (11 U. S. C. 25, 104, 205(c), 399, 737(2), 855, and 1059).

SIGNATURE

DATE

August 23, 1971

INTERNAL REVENUE SERVICE TITLE

Edward E. Einfeld
Chief, Special Procedures Staff

ADDRESS

P.O. Box 63 C.P.O.
Brooklyn, New York 11202

DC116

CN-CR 3622B/72

DISTRICT COURT OF THE COUNTY OF SUFFOLK:

FIRST DISTRICT, HELD AT HAUPPAUGE

COURT OF SPECIAL SESSIONS

IN THE NAME OF THE PEOPLE OF THE STATE OF NEW YORK

To Stephen Schuster, Pres.
 Mateo Beauty Supply Center, Inc.
 100 Cabot Street
 W. Babylon, New York
 Complaint having been made this day by Michael Gaspinski

that you did on the 16
 day of January, 1971. Did commit the offense of
 violation of labor law

Labor
 all of which was in violation of Section 102.1a of the Penal Law of the
 State of New York.

You are Hereby Summoned to appear before me, BRADSHAW
 Judge, District Court of the County of Suffolk at the Court Room 112, Veterans
 Highway, Hauppauge, N.Y. Suffolk County, N.Y., on the 5
 day of June, 1972, at 9:30 o'clock in the forenoon
 to the end that an investigation may be made of said complaint, and upon your failure
 to appear at the time and place herein mentioned, you are liable to a fine not exceeding
 twenty-five dollars and a warrant may be issued for your arrest.

Dated at Hauppauge, Suffolk County, N.Y.
 this 22 day of May, 1972.

Hon. William M. Bradshaw
 Judge, District Court of the County of Suffolk

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

-----X

In the Matter of In Bankruptcy No. 71 B 76

NATCO BEAUTY SUPPLY CENTER INC.,

Bankruptcy. ORDER

-----X

At Westbury, New York, in said District, on
the 24th day of July, 1974.

Upon the annexed application of JACOB M.
GOLDMAN, the Trustee herein, by his attorney, JULES TEITELBAUM,
dated July 17, 1974, and no adverse interest being represented,
and sufficient cause appearing therefor, it is

ORDERED, that the Trustee be and he hereby is
permitted and authorized to turnover to the Trustee of Mer-
chandise Plus, Inc., in bankruptcy under docket number 71 B
219, one half (1/2) of the total balance in the Trustee's
account.

Boris Ladovnich
Bankruptcy Judge

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

In Bankruptcy
No. 71 B 76

In the Matter of

NATCO BEAUTY SUPPLY CENTER, INC.,

TRUSTEE'S FINAL
REPORT AND ACCOUNT

Bankrupt

TO: HON. BORIS RADOYEVICH,

Bankruptcy Judge:

Jacob M. Goldman the Trustee of the estate

of the above named bankrupt, does render the following as his final report and account, as such Trustee:

1. That he was elected Trustee on March 16, 1971 and thereafter, duly qualified by filing the bond required of him in the sum of \$ 250.00.

2. That as Trustee, he performed the following services:

Executed and filed his bond as Trustee.

Executed a petition for the retention of ROBERT P. HERZOG & JULES TEITELBAUM as his attorneys herein.

Prepared and executed his first report as Trustee herein.

Caused his attorneys to prepare an Order to Show Cause and Application to obtain property of the bankrupt held by Kauffman-Lattimer Company, Med-Pat Realty Corporation, and the Sheriff of Suffolk County; and to declare all of said companies security interests, liens, claims and encumbrances void.

After the matter came to be heard before the Court, the Trustee obtained the aforementioned property.

Caused his attorneys to prepare an Application and Order of Sale of the property held by the Trustee. Said Order was signed on April 12, 1971.

The physical assets of the bankrupt were sold upon notice to all creditors.

Caused his attorneys to obtain the release of the bankrupt's motor vehicle held by the Sheriff of Suffolk County.

After receiving an offer for said vehicle, caused his attorney to take the necessary steps to sell same. Vehicle was duly sold for the sum of \$944.00.

Caused his attorneys to obtain an increase of the Trustee's bond.

Caused his attorneys to examine Nathan Cohen after duly serving him with a subpoena.

Caused his attorneys to obtain the bankrupt's share of monies held jointly by the bankrupt and Merchandise Plus, Inc.

Executed all interim reports and this Final Report.

As Trustee, he charges himself with receipts as set forth in Schedule A hereto annexed and made a part hereof in the sum of \$ 17,023.06 , and credits himself with disbursements as set forth in Schedule B annexed hereto and made a part hereof in the sum of \$ 10,039.74 , leaving a balance on hand in the sum of \$ 6,988.32 , which is on deposit in the

as appears from the bank statement annexed hereto and made a part hereof.

3. That Schedule C annexed hereto is a statement of the assets which came into the Trustee's possession and the disposition thereof.

4. The business of the bankrupt was not continued by the Trustee, and no disbursements were made for that purpose.

5. All the assets of this estate have been reduced to cash and the estate is ready to be closed.

6. That the following is a statement referring in reasonable detail to the items of property mentioned in the bankrupt's schedules, and accounting for same.

Steven M. Schustek was directed to file the bankrupt's schedules. Schustek absconded with all funds and the books and records of this estate. The United States Attorney conducted an investigation into his whereabouts but was unable to located said party. Accordingly, no schedules were filed in this case.

The Trustee was able to auction the physical assets of the bankrupt. Furthermore, the Trustee sold a vehicle of the bankrupt pursuant to Court order and was able to obtain monies held by The Kauffman-Lattimore Co. to the credit of the bankrupt. These monies along with monies obtained from a division of the assets of Merchandise Plus, Inc. were deposited to Trustee's bank account.

7. The Trustee has examined into the amount paid prior to the filing of the petition, to any attorney for the bankrupt for services rendered and to be rendered and found that \$ -0- was paid.

8. The attorney for the Trustee requests as an allowance the sum of \$ 2,000.00. In view of the services rendered, the Trustee deems the amount reasonable, and recommends payment thereof.

9. All of the disbursements made and incurred by the Trustee are reasonable in amount and properly made

10. All claims on file have been examined and should be allowed in the amount therein claimed, or for such amount as may have been fixed by order.

11. The Trustee requests commissions for services as Trustee herein in the sum of \$ 500.56 , computed as follows:

10% of \$ 500.00 - \$50.00
6% of \$1,000.00 - \$60.00
3% of \$8,500.00 - \$250.00
2% of \$7,023.06 - \$140.56

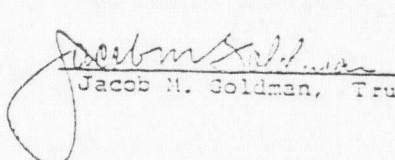
12. That no previous allowance has been made to the Trustee herein.

13. The Trustee requests leave to abandon the books and records of the bankrupt herein.

WHEREFORE, petitioner respectfully prays that his final report and account be approved and allowed; that he be allowed for services rendered herein commissions in the sum of \$ 500.56 ; that he be given leave to abandon the books and records of the bankrupt; that he be discharged as Trustee, and the surety on the bond be released; that his attorney be allowed an allowance, and that unpaid administration expenses be paid.

Dated: Mineola, New York
April 17, 1975

Respectfully submitted,


Jacob M. Goldman, Trustee

SCHEDULE ATRUSTEE'S RECEIPTS

Auction proceeds	\$13,097.00
Ted's Used Cars - Purchase of truck	994.00
Sheriff of Nassau County (The Kauffman-Lattimore Co.	998.09
Interest on Special Interest acct	<u>1,938.77</u>
Total Receipts	\$17,028.06

SCHEDULE BTRUSTEE'S DISBURSEMENTS

Auctioneer's commissions and disbursements	\$ 1,572.72
Martin L. Bloch - Minutes	6.00
Martin L. Bloch - Minutes	10.50
Martin L. Bloch - Minutes	9.00
Robert S. Lindood Appsl fee	100.00
Robert S. Linwood - Appsl fee	25.00
Chave Schleif Agency, Inc. - Bond prem.	20.00
Chave Schleif Agency, Inc. - Bond ren. prem.	20.00
Med Pat Realty Corp. - Use and Occupation	1,248.21
Chave Schleif Agency - Bond ren. prem.	20.00
Chave Schleif Agency, - Bond ren. prem.	20.00
Est. of Merchandise Plus, Inc. - Per order	<u>6,988.31</u>
Total Disbursements	\$10,039.74

SCHEDULE CRECAPITULATION

TOTAL RECEIPTS	\$17,028.06
TOTAL DISBURSEMENTS	<u>10,039.74</u>
BALANCE ON HAND	\$6,988.32

SCHEDULE DUNPAID OBLIGATIONS

-----x
In the Matter of
NATCO BEAUTY SUPPLY CENTER, INC.,
Bankrupt.

In Bankruptcy No. 71 B 76
APPLICATION FOR A DEED

-----x
TO: THE HONORABLE BORIS RAPOYEVICH, BANKRUPTCY JUDGE:

The application of ROBERT P. HERZOG and JAMES TEITELBAUM,
respectfully shows to this Honorable Court and alleges as follows:

1. Applicants are attorneys and counselors at law and
admitted to practice in the United States District Court for the Eastern
District of New York.
2. On January 26, 1971, an involuntary petition in bankruptcy
was filed against the above named bankrupt and the said bankrupt was duly
adjudicated as such.
3. Thereafter, and on March 16, 1971, a first meeting of
creditors was held at which JACOB M. GOLDMAN was duly elected trustee, and
his bond fixed in the sum of \$250.00. Thereafter, the trustee duly qualified
by filing the requisite bond.
4. Applicants prepared an application of the trustee and
affidavit of attorneys, together with a proposed order authorizing and
permitting Jacob M. Goldman to retain applicants as his attorneys in these
proceedings. Upon execution of the application and the affidavits, applicants
submitted same together with the proposed order to the Bankruptcy Judge,
and thereafter, Hon. Boris Rapoyevich, Bankruptcy Judge, duly signed
an order authorizing the trustee to retain applicants as his attorneys in
these proceedings.

5. Immediately upon retention, applicants notified the United States Post Office of the pendency of the proceedings and the appointment of the trustee.

6. Applicants conferred at length with the trustee with respect to services to be rendered and the legal proceedings which would be taken by applicants in connection with the development of the facts necessary to the orderly administration of the estate.

7. It came to your applicants' attention that on or about January 14, 1971, the Kauffman-Lattimer Company, a foreign corporation, did commence an action in Supreme Court, Suffolk County in which it was the plaintiff and the bankrupt was defendant. On or about that date, said corporation did cause its attorneys, Pelletreau & Pelletreau, to seek an order of attachment, which was signed by a Justice of the Supreme Court of the State of New York sitting as a Special Term, Part II thereof on January 14, 1971.

8. Pursuant to the aforedescribed order of attachment, the said attorneys did cause the Sheriff of Suffolk County, Philip F. Corso, by his deputies and agents to levy upon and seize on January 15, 1971, various goods, chattels and property of the bankrupt.

9. Applicants caused a search to be made of the Secretary of State and New York County registers which disclosed that the aforedescribed property was that of the bankrupt and there were no outstanding prior perfected security interests. The property continued in the possession, custody and control of the Sheriff of Suffolk County, in the bankrupt's premises at 379 Medford Avenue, Patchogue, New York, under the said levy.

10. Applicants felt, and advised the trustee, that upon the adjudication in bankruptcy on February 16, 1971, this Court acquired summary jurisdiction over all property of the bankrupt, and that upon the due appointment and qualification of the trustee, on March 22, 1971, the

11. Upon further investigation, applicants ascertained that the landlord, Med-Pat Realty Corporation had obtained no money judgment against the bankrupt and had no claim of lien against said property.

12. Your petitioner felt, and did advise the trustee, that the levy made in favor of Kauffman-Lattimer Company under the order of attachment resulted in a provisional or conditional lien only, in that no judgment had resulted from the suit commenced such as would affix and adjudge the liability of the bankrupt as alleged. Further, any such lien would have been obtained within four months of the filing of the involuntary petition, and at a time when the bankrupt was insolvent and therefore, would be avoidable as preferential.

13. Thereupon, your petitioner prepared an order to show cause and application seeking to stay the Kauffman-Lattimer Company from further proceedings with the State Court litigation, declare any and all security interests, liens, claims or encumbrances claimed by Kauffman-Lattimer Company in and to the property of the bankrupt null and void as against the trustee, directing the Kauffman-Lattimer Company to forthwith turn over and surrender possession of the assets to the trustee, and authorizing the trustee to sell the physical assets of the bankrupt through a duly licensed auctioneer in accordance with the rules of this Court.

14. Applicants submitted the aforescribed order to show cause to this Court for signature, and on the 29th day of March, 1971 it was duly signed by Hon. Boris Radoyevich, Bankruptcy Judge.

15. Within two days thereafter, as provided in the order, your petitioner duly caused service of the order to show cause to be made upon Kauffman-Lattimer Company, Med-Pat Realty Corporation, and the Sheriff of Suffolk County.

16. Applicants prepared proof of service of the order to show cause, caused same to be duly executed, and filed the proof of service

17. Thereafter, Kauffman-Lattimer Company, duly appeared by their attorneys, Pelletreau & Pelletreau, and served upon applicants an affidavit in opposition to the aforescribed proceeding instituted by applicants.

18. On April 6, 1971, the matter duly came on to be heard before Hon. Boris Radoyevich, Bankruptcy Judge. Applicants duly appeared at the hearing, as did Kauffman-Lattimer Company and Med-Pat Realty Corporation, by counsel, Pelletreau & Pelletreau. Applicants argued their position before this Honorable Court, and after hearing same, the attorneys for Kauffman-Lattimer Company and Med-Pat Realty Corporation consented to the relief requested conditioned upon payment to their clients of the expenses incurred in preserving the assets in question. The Sheriff of Suffolk County defaulted in appearance at that time.

19. Hon. Boris Radoyevich, Bankruptcy Judge, duly granted the relief requested by applicants, and applicants thereafter prepared a proposed order with notice of settlement, on April 5, 1971 did duly serve the proposed order upon all parties, and submitted same for signature to the Court. On April 12, 1971, Hon. Boris Radoyevich, Bankruptcy Judge, duly signed the order which provided that the application of the trustee be granted in all respects and that the property of the trustee be appraised and sold at public auction pursuant to the rules of this Court and upon notice to all creditors. The date for sale of the personal assets was set at May 11, 1971 at the premises of the bankrupt, 141 Main Street, Patchogue, New York, and applicants duly caused all creditors to receive a notice of said sale. Oscar Goldin, 141 Main Street, Patchogue, New York, was duly retained as court appointed auctioneer.

20. On May 11, 1971, the sale was duly held under the supervision of your client, and as a result of same, net proceeds of \$15,097.00 were realized for the benefit of this estate.

the bankrupt was the owner of a 1970 Ford econoline van truck which applicants, upon investigation, ascertained was free and clear of all liens.

22. The aforescribed vehicle had been attached by the Sheriff of Suffolk County and had been stored at Louis Police Service Station, 279 West Main Street, Patchogue, New York. Applicants obtained a release of possession from the Sheriff together with waiver of poundage and caused the vehicle to be removed to the premises of Ted's Used Cars, 101 Haven Avenue, Port Washington, New York for further storage at \$1.50 per day from date of release and pick up, April 2, 1971. Ted's Used Cars duly advanced the storage lien charges of \$156.00 to cover storage between January 5, 1971 to April 2, 1971 for the estate.

23. Applicants received an offer dated April 16, 1971 whereby Ted's Used Cars agreed to pay to applicants the sum of \$1,154.00 for the trustee's right, title and interest in and to the said truck, plus storage charges advanced of \$156.00. The offer further provided that \$100.00 haulage charges and storage pending determination of the court upon the aforescribed offer, would be waived by the offeror. The said pick up and storage charges were to become a lien charge solely in the event that the offer was rejected.

24. Your petitioner duly prepared an order and application for appraisal to be made of the vehicle, and that a hearing be held to consider the offer of Ted's Used Cars. The order was duly signed by Hon. Boris Radovevich, Bankruptcy Judge, and the matter set down for hearing. Applicants duly attended the hearing before this court, at which time no higher bids were proffered, and the vehicle was duly sold to Ted's Used Cars in accordance with their offer. Applicants duly prepared the bill of sale, caused same to be executed by the trustee, and delivered to the purchaser for the consideration promised. As a result of the foregoing, the sum of \$994.00 was realized to the benefit of the estate herein.

25. That as the assets of the bankruptcy estate now exceeded \$12,000.00, your applicants felt that the then present bond of \$250.00 was totally inadequate.

26. Applicants thereafter prepared an application and order to increase the bond, presented same to this Court for signature, and on the 12th day of July, 1971, Hon. Boris Radoyevich, Bankruptcy Judge, duly increased the trustee's bond to \$10,000.00.

27. Applicants caused the trustee to obtain the requisite bond and file the same with the Court.

28. It came to the applicants' attention that the purchases, sales and other business affairs of the bankrupt were conducted by and under the management of one Nathan Cohen of 303 Eighth Street, East Northport, New York: that subsequent to a transfer of his equity interest in the corporation in or about November, 1970, the affairs and assets of the corporation had been managed by one Steven M. Schustek whose residence was 63-09 108th Street, Forest Hills, New York.

29. Applicants conferred with various creditors that had dealt with the bankrupt, and from them had ascertained that purchases had been arbitrarily arranged and shunted between various premises from which operations were conducted and had arbitrarily been dealt with under the entities, Matco Beauty Supply Center, Inc. and/or Merchandise Plus, Inc.

30. No appearances had been made on behalf of the bankrupt, and no business books and records had been surrendered and no schedules or statement of affairs had been prepared and filed. In addition, various goods purchased and shipped by the bankrupt did not appear thereafter in the premises at which the corporation had been doing business.

31. Thereupon applicants prepared an order and application on pursuant to the provisions of the Bankruptcy Act, section 7a(3), (10), (11) and 7b directing Nathan Cohen and Steven M. Schustek to perform the duties imposed upon the trustee of the corporation under the Act, directing the

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said Nathan Cohen and Steven Schustek to file schedules, list of creditors, and statement of affairs, and directing Nathan Cohen and Steven M. Schustek to appear before the Court for examination on the 6th day of May, 1971. The order was duly presented to Hon. Boris Radoyevich, Bankruptcy Judge, and signed on the 12th day of April, 1971.

32. Applicants duly obtained subpoenas in accordance with the aforescribed order to Nathan Cohen and Steven M. Schustek. Applicants were able to serve the subpoena upon Nathan Cohen, however, were unable after numerous attempts, to effectuate personal service upon Steven M. Schustek.

33. Examination of Nathan Cohen adduced information that he had come into operation of the business only after Steven M. Schustek had absconded with a substantial portion of the funds and assets of the bankrupt, and the books and records received by Mr. Cohen from Mr. Schustek and thereafter, turned over to the trustee, were in such a state of disarray that they could only be intelligently audited by a firm of certified public accountants. Further investigation revealed that Assistant United States Attorney, Mr. Cogshall, had intercepted a draft of a Paradise Island Casino in the sum of \$80,000.00 made out to Steven Schustek. He held the check on or about the latter part of January, 1971, an attorney, Edward Kurland, 415 Lexington Avenue, New York, New York, represented to the U.S. Attorney that he was the attorney for Merchandise Plus. Pursuant to an arrangement made out with Mr. Kurland, who represented that the funds would be properly disbursed, the U.S. Attorney turned the check to Kurland who, on February 4, 1971 deposited it in his special account at the Banker's Trust Company. Thereafter, and on or about February 10, 1971, Mr. Kurland authorized a transfer of the \$80,000.00 and set up an account in the name of Merchandise Plus, at the same bank, Banker's Trust, 30 Third Avenue, New York, New York. It appeared that thereafter, when the funds were transferred, Mr. Schustek came into the bank and liquidated the account with cash check

8 which he cashed over the counter and withdrew \$70,000.00, in \$100 bills.

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The transaction of withdrawal, in cash, was confirmed to applicants by Mr. Grayson, a bank officer of Banker's Trust, who further advised that the cash withdrawal was reported as required by law to proper authorities. Mr. Schustek was never seen or heard from again.

34. The United States Attorney was then in the process of investigating the acts and conduct of Mr. Schustek, and your applicants cooperated in every respect with them.

35. Applicants thereafter prepared a petition and order for retention of accountant in order that the books and records could be audited, and that a proper financial picture be had for the benefit of the estate and for the availability of the office of the United States Attorney.

36. Applicants duly caused the application to be executed and submitted to the Court for signature. On October 5, 1974, the petition was duly signed by Hon. Boris Badoyevich, Bankruptcy Judge.

37. Although petitioners attempted on numerous occasions to retain accountants to perform the services pursuant to the afore-mentioned order, the books and records of the bankrupt were in such a disorganized condition, that no accountants would undertake the duties at the available compensation.

38. As the assets of the bankrupt had been commingled and shunted between the two corporate entities of Natco Beauty Supply Center, Inc., and Merchandise Plus, Inc., and as it was impossible from the existing books and records of separating the assets between the two estates, your petitioners prepared an order and application whereby the liquidated assets of the bankrupt would be evenly divided between the bankruptcy estate of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc.

39. The aforescribed order was submitted to this Court, and on July 24, 1974, the order was duly signed by Hon. Boris Badoyevich, Bankruptcy Judge.

40. Applicants thereafter caused the trustee to evenly divide the proceeds of the sale of the physical assets of this estate evenly between Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc.

41. Applicants reviewed the claims filed herein, whereupon it was determined that no objections would or should be filed as to any of the claims.

42. Applicants supervised and assisted the trustee in the preparation and filing of his interim reports including the preparation and filing of the final report and account.

43. After the submission of this application, it will be necessary for applicants to perform additional services for the trustee, including appearance at the final meeting of creditors upon the trustee's final report and account and upon application for allowance, and further to perform services in connection with the discharge of the trustee and cancellation of his bond after the preparation and filing of trustee's report of distribution.

44. In addition to the various petitions, affidavits, orders, stipulations, court appearances and other matters prepared by applicants to accompany the various matters referred to herein, applicants have received numerous letters from creditors and attorneys inquiring into the status of the administration of this estate or with respect to the various other specific matters. Applicants have also received, and were required to make, numerous telephone calls, to and from creditors, attorneys, and various other persons in addition to the telephone calls necessary to accompany the specific matters set forth in detail herein.

45. All the services specified herein for which compensation is requested were performed by applicants on behalf of the trustee in and on behalf of any creditor, committee or any other person.

46. The services rendered by applicants herein for which allowance is sought, including but not limited to the items particularized above, were performed in parts of 50 days, and the performance of said services consumed a total of more than 45 hours.

47. Applicants respectfully submit that the reasonable value of their services was in the sum of \$3,000.00. However, in view of the amount contained in the estate, applicants reduce their allowance to the sum of \$2,000.00, which applicants consider reasonable and proper in the light of the services rendered and the results obtained.

WHEREFORE, applicants pray that they be allowed the sum of \$2,000.00 for services rendered as attorneys for the trustee herein, for which no prior application has been made.

Dated: New York, New York
~~February~~ 9, 1975
June 9,

Respectfully submitted,

ROBERT P. HERZ and
JULIUS TEITELBAUM

By

JS/
JULIUS TEITELBAUM

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

In the Matter of

In Bankruptcy No. 71 B 219

MERCHANDISE PLUS, INC.

Bankrupt

TO THE HONORABLE BORIS RADOYEVICH, Bankruptcy Judge:

The application of JACOB GOLDMAN, by his attorney
JULES TEITELBAUM, respectfully shows to this Court and alleges
as follows:

1. That he is the Trustee herein duly qualified and acting
as such.
2. Upon information and belief, the United States Attorney
has knowledge of the whereabouts of the principals of the debtor which
information is required to conclude the Trustee's investigations into
the matter.

WHEREFORE, applicant prays for the annexed order,
for which no previous application has been made.

Dated: New York, New York
June 28, 1976

JACOB GOLDMAN, Trustee

By _____
JULES TEITELBAUM

JULES TEITELBAUM,
Attorney for Trustee

INTENTIONALLY BLANK

INTENTIONALLY BLANK

In the Matter of

MERCHANDISE PLUS, INC.,

ORDER FOR EXAMINATION
PURSUANT TO RULE 205(a)

Bankrupt.

At Westbury, New York, in said District, on the 28 day
of June, 1976.

Upon the annexed application of JACOB GOLDMAN, Trustee
herein, dated June 28, 1976 and no adverse interest being represented,
it is

ORDERED, that THE UNITED STATES ATTORNEY, be
and he hereby is directed to appear before the undersigned Bankruptcy
Judge at the United States District Courthouse, 900 Ellison Avenue,
Westbury, New York, on the 27th day of July, 1976 at
10:30 o'clock in the fore noon for examination pursuant to
Bankruptcy Rule 205(a) concerning acts, conduct, and property of the
bankrupt relative to these proceedings.

s/BR.
Bankruptcy Judge

United States District Court

For the EASTERN District of NEW YORK

In re

MERCHANDISE PLUS, INC.

Bankruptcy No. 71 B 219

Bankrupt *

SUBPOENA TO WITNESS

To United States Attorney :

You are hereby commanded to appear ~~at~~ before Bankruptcy Judge Boris Radoyevich, at the United States Courthouse, 900 Ellison Avenue, Westbury, New York, on July 27th, 1976, at 10:30 o'clock

a .m., to testify in the above-entitled case [add if appropriate] and to bring with you

Dated: June 28, 1976

BORIS RADOYEVICH
BANKRUPTCY JUDGE

Bankruptcy Judge

By [Signature] Clerk

* Include all names used by bankrupt within last 6 years.

In the Matter of

: NO. 71 B 76

NATCO BEAUTY SUPPLY CENTER, INC.

: ORDER FIXING
: COMMISSIONS, FEES AND
: ALLOWANCES

Bankrupt

A final meeting of creditors having been held pursuant to notice dated 3/4/76 on the 16th day of March, 1976 to examine and pass upon the final report of Jacob M. Goldman trustee and to consider and act upon the applications for fees, commissions and expenses set forth in said notice, which notice contains a summary of the trustee's total receipts and disbursements and his balance on hand and the amount of priority, secured and unsecured claims filed and allowed, and no one having appeared in opposition and no objections having been filed and said final report and applications having been duly considered

It is found:

- (1) The gross receipts of the estate were \$ 10039.77
- (2) The net assets on hand are \$ 6988.32
- (3) The amount which will remain after payment of the allowances and other deductions, if any, is \$ 4759.08
- (4) That no previous dividends have been declared and paid.
- (5) The amount necessary to pay a dividend of 1% is \$ 2586.93
- (6) That no prior allowances have been made.
- (7) That none of the services referred to therein has been the object of compensation in whole or in part to any person.
- (8) ~~That the services of the receiver were more than those of a mere custodian, and it is~~

13 ORDERED that the final report of the trustee be and the same hereby is duly approved and that he be allowed his commissions amounting to \$ 365.00 computed as follows:

and it is further

ORDERED that the following fees and expenses and administration expenses requested are hereby fixed and ordered paid, with dividend.

	FEES	EXPENSES
14 Rosen, Herzog & Teitelbaum, Attorneys for Trustee,	\$1500.00	
15 Robert P. Herzog and Jules Teitelbaum, Attorneys for Petitioning Creditors,	300.00	\$64.24

and it is further

ORDERED that the balance remaining in the hands of the trustee if any, be distributed by further order of this court.

Dated: Westbury, N.Y. July 1, 1976

Boris Radovewich
Bankruptcy Judge
U.S. District Court
E.D. New York

BORIS RADOVETICH
Bankruptcy Judge

Dated JUL 1 1976

SUPPLEMENTAL EXHIBIT VIII

Portions of trial transcript, United States v. Weissman et al.
(Automated Information Systems case, second trial)
Docket No. 73-CR-903

Pages in original transcript numbered:

257-264
282-286
461
463-466
3322
3490-3493
3495
3670
3674
3678-3679

1 jhlt 3

Hellerman-cross

2 A \$100,000.

3 Q Gifts?

4 A Loans.

5 Q Did you ever pay any of it back to her?

6 A She is still helping me now. I have no way to
7 live.

8 Q Now sir, in connection with this Globus thing
9 that we are talking about, was there a bank account opened
10 in the Bahamas?

11 A Yes, sir.

12 Q With whose money?

13 A I don't -- either it was a small amount of money,
14 sir, or it was opened with a bad check or a check. There
15 was two accounts. I don't think there was any money.
16 Maybe ~~it~~ it was a couple hundred dollars or \$500 the account
17 was opened with and then there was stock put up with the
18 bank in the bank's nominee name to be sold into the market
19 in New York.

20 Q Who opened the account?

21 A I opened the account, sir.

22 Q Who?

23 A I opened the account to sell the stock.

24 Q Why did you want an account in the Bahamas?

25 A So they wouldn't be able to trace it, so the SEC-

1 it would make it more difficult for them to trace who was
2 the seller of the stock. There are bank secrecy laws in
3 the Bahamas almost like Switzerland and I would be able to
4 hide behind the laws.

5 Q The fact is that the bank account was opened
6 Bahamas to be used by you as part of the swindle or man-
7 ulation in Globus?

8 A I just said that, yes, I just told you that.

9 Q And you went there and you opened it yourself

10 A Yes, sir.

11 Q You took a fellow with you down there, correct?

12 A Yes, sir.

13 Q Is that a fellow named Winters?

14 A Yes, sir.

15 Q Did you tell him that you were opening the account?
16 Do you remember what you told him?

17 A To sell stock through the account.

18 Q You told him that you were going to sell stock?
19 He was a lawyer, wasn't he?

20 A Yes, sir.

21 Q Did you tell him that you were going to use it as
22 part of a swindle?

23 A I told him that I was going to open the account
24 to sell the stock out of the Bahamas when I moved the
25 dp in New York, when the stock was ready to be sold out

Hellerman-cross

jhlt 5

I don't remember if I told him it's a swindle or what the story was.

Q What happened to the money in the Bahamas?

A There was never any money. There was never any sales.

Q You mean you opened the account and you didn't put any money in it?

A No. To my best recollection, as I said to you, Mr. Gould, I went into the bank, I went to the Bank of Nova Scotia and the Royal Bank of Canada, I believe -- I may be wrong on the second name --

Q Which name are you wrong on, the Royal --

A I went to two banks and I told them I would like to have them sell some stock for me and place the money in an account. I signed the cards that had to be signed to open an account. I don't remember if I put in a couple of hundred dollars or I didn't put in a couple of hundred dollars.

They asked me then to get the stock in their nominee names. I came back to New York. I got the transfer agent, who I also controlled, and I had him switch the stock to the nominee names of the banks -- maybe it was Barclay's the second bank -- and I gave them the the stock certificates to sell into the market in New York.

1 jhlt 6

Hellerman-cross

2 The deal never went through. The SEC stopped
3 deal before it went through.

4 Q Globus didn't work. After Globus you got into
5 another deal, didn't you?

6 A Immediately?

7 Q In the fall of 1970 --

8 A Automated you're talking about, Automated Info
9 mation Systems?

10 Q Didn't you get into something before that?

11 Maybe I'm wrong. What was Natco?

12 A That was a bankruptcy fraud.

13 Q Were you in it?

14 A Yes, I was.

15 Q That was in the fall of 1970, wasn't it, so th
16 was right after Globus, right?

17 So right after Globus fails instead of going
18 one of your standard stock manipulations you went into
19 something new, right?

20 A Yes, sir.

21 Q Bankruptcy fraud?

22 A Yes, sir.

23 Q Whose idea was that?

24 A A group of people.

25 Q Including you?

jhlit 7

Hellerman-cross

1

2

A Yes, sir.

3

Q Who were you going to gyp in this one?

4

A The creditors of Natco.

5

Q And you did gyp them, didn't you?

6

A Yes, sir.

7

Q And so they got hurt by that?

8

A Yes, sir.

9

Q And you made some money out of Natco, didn't you?

10

A Again, sir, I had to pay the money to the shylock

11

and to the organized crime people that were partners in the

12

deal and -- yes, week to week I got "X" dollars out of the

13

deal and I spent it, but when the big money came in it had

14

to go to pay the shylock loans off and it had to go to pay

15

the organized crime people that were in the deal.

16

Q What did you do in Natco in a general way, what
17 kind of swindle was that?

18

A A man had a large drug plant, Listerine and
19 shaving cream and things like that, and he had a large
20 inventory and he went out and he bought up all the inventory
21 he could buy and then he sold it at slightly under the market
22 price and they were going to take the cash and split the
23 cash up among whoever was in the deal.

24

Q Were you one of the architects of that deal?

25

A Yes, I was.

1 jhlt 8

Hellerman-cross

2 Q Now, sir, it was just about the time that you
3 got into the Natco swindle that you began your conversa
4 with Mr. Morvillo, isn't that right?

5 A I don't associate that. I associate it before
6 right before the Imperial indictment, you know, a month
7 before the Imperial indictment.

8 Q Isn't it a fact, sir, that you were having con
9 sations with Mr. Morvillo in November 1970?

10 A I think that's the month -- yes, I was, but th
11 the month of the Imperial indictment.

12 Q That is right about the time of the Natco matt
13 isn't it?

14 A I don't know the exact time. I'm just giving
15 you --

16 THE COURT: You're trying to tie the date up w
17 Natco. He says he has no recollection of the date of Na
18 he ties it up with the indictment in Imperial.

19 MR. GOULD: We are in agreement now, your Hono

20 Q It's around November 1970, isn't it?

21 A Yes, sir.

22 Q You start to talk with Mr. Morvillo about
23 reforming your life, correct?

24 A Yes, sir.

25 Q That's what you talked with him about, isn't i

1 jhlt 9

Hellerman-cross

2 A No. I talked to -- Mr. Morvillo simply said --
3 I stated it before. When I walked in the office, his office
4 he said to me "If you want a deal you will plead" --

5 Q Excuse me, Mr. Hellerman. I don't want your
6 conversation with Mr. Morvillo now. Am I not right that the
7 general substance of your conversation with Mr. Morvillo was
8 that you were tired of a life of crime and you were repentant
9 for all that you had done and you wanted his help and his
10 guidance in rehabilitating?

11 Not right?

12 A No, sir.

13 Q All right. Thank you very much.

14 THE COURT: We will adjourn for lunch. Please
15 return at 2 o'clock.

16 (Luncheon recess taken.)
17
18
19
20
21
22
23
24
25

Take 1 p.m.

jhl 1

26

AFTERNOON SESSION

2 p.m.

(In open court - jury present.)

M I C H A E L C. H E L L E R M A N, resumed

THE COURT: Mr. Gould.

CROSS EXAMINATION CONTINUED

BY MR. GOULD:

Q Mr. Hellerman, before we go into this material we were talking about before, when did you say your father died? I thought I heard you --

A November 1967.

Q November '67?

A Yes, sir.

Q You told us, did you not, that your father had been an officer of a bank?

A Yes, sir.

Q Which bank was that?

A He was a vice president of Chemical Bank in New York and he was a senior vice president of Sterling National Bank in New York.

Q Sterling National and then Chemical?

A No, Chemical and then Sterling, sir.

Q After your father died, sir, did you arrange for two memorial dinners to be held for him?

5 hpmch Hellerman-cross

long and short of it?

A Yes.

Q You've got a wife?

A Yes, sir.

Q You are actually married to the woman?

A Yes, sir.

Q Still married?

A Yes, sir.

Q Do you live with your wife?

A Yes, sir.

Q Do you have any children?

A Yes, sir.

Q Now, let's go back to Natco, the bankruptcy fraud.

Now, just around that time I asked you this morning November 1970, you will remember that the grand jury in this courthouse was investigating the Imperial matter; correct?

A Yes, sir.

Q And you were a witness, or you were asked to be a witness?

A In Imperial?

Q Imperial.

A Yes, sir.

6 hpmch

Hellerman-cross

1 Q We're talking about Imperial.

2 A Yes, sir.

3 Q About that time you went to see one Robert
4 Morvillo, is that correct?

5 A Yes, sir.

6 Q You knew Mr. Morvillo, did you not?

7 A Yes, sir.

8 Q Had you gone to school with Mr. Morvillo?

9 A Yes, sir.

10 Q And Mr. Morvillo, at the time that you went to
11 see him, you knew that he was an Assistant United States
12 Attorney in charge of the Securities Fraud Section of
13 that office, right?

14 A Yes, sir.

15 Q And you went to him and you made a suggestion
16 him, did you not?

17 A What do you mean?

18 Q You don't understand my question?

19 A No, sir.

20 MR. GOULD: I withdraw it.

21 Q Tell us what you discussed with Mr. Morvillo
22 when you went there in November 1970.

23 A When I went to see Mr. Morvillo at the grand
24 jury, I had -- Mr. Weisman had already been to see him so
25

1 7 hpmch Hellerman-cross

2 me and I told Mr. Morvillo --

3 Q Mr. Hellerman, just listen to my questions and we
4 will get finished much more quickly.

5 I want to know what conversation you had with
6 Mr. Morvillo at that time.

7 A Mr. Morvillo said --

8 Q Not about anything that went on before.

9 A Mr. Morvillo said if I cooperated with him and
10 told him the facts about Imperial Investment and the
11 other stock deals, that I could plead to one count in
12 Imperial Investment Corporation, and that I wouldn't be
13 prosecuted for the other stock deals and I would not have to
14 testify for the Government.

15 So, my life wouldn't be -- I wouldn't have a
16 risk to my life because I didn't have to testify for the
17 Government.

18 Q So that you reached an understanding with Mr.
19 Morvillo?

20 A Yes, sir.

21 Q In November 1970, did you not?

22 A Yes, I did.

23 Q And if I understand your testimony correctly,
24 the substance of that agreement -- you called it an
25 agreement, didn't you?

8 hpmch

Hellerman-cross

233

1
2 A Yes, sir.

3 Q The substance of your agreement with Mr.
4 Morvillo was, number one, you would give the Government
5 information on the Imperial case and other cases; correct?

6 A Yes, sir.

7 Q Number two, you would not have to testify;
8 correct?

9 A Yes, sir.

10 Q You would not become involved in any more crime

11 A Yes, sir.

12 Q And number three, that you would plead guilty
13 to one count in the Imperial case for which the penalty
14 was two years -- you didn't know what you would get --
15 but that you wouldn't be prosecuted for anything else?

16 A Correct.

17 Q That was the substance of the agreement, right?

18 A Yes, sir.

19 Q And you gave your word to the Government that
20 you would now change your way of life and be an honest
21 man, correct?

22 A Yes, sir.

23 Q Now, at the same time that you gave your word
24 to the Government that you made this deal with them you
25 were already working on another manipulation, weren't you

9 hpmch

Hellerman-cross

A No, sir.

Which one?

Q Don't you remember?

A I was not working on a manipulation. I was in the middle of Natco, the bankruptcy fraud, and I told Mr. Morvillo about it and that's how it was brought to prosecution.

Q When you spoke with Morvillo in 1970, you were not engaged in new manipulations?

A No stock manipulation.

Q Actually, you kept your word to Mr. Morvillo for about a year, didn't you?

A No, sir.

Q Didn't you tell people that you didn't engage in any more crimes for about a year?

A Well, the start of the --

Q Didn't you tell people --

MR. WALKER: That is not the question, your Honor.

THE COURT: He is now reframing his question.

Q Did you not testify in this courthouse that for a period of one year after you made this deal with Mr. Morvillo you didn't engage in any more crimes? Just yes or no.

1 9 jhmch Hellerman-cross 4

2 related to organized crime people and they would be able
3 to trace you.

4 Q So you have been getting 850 bucks from the
5 Government?

6 A My wife has.

7 Q You have been living on it, haven't you?

8 A Yes, sir.

9 Q That went on as long as you were a professional
10 witness?

11 A I don't know what you mean by "professional
12 witness."

13 Q I am sorry.

14 MR. GOULD: I will withdraw that.

15 Q The only activity in which you have engaged is
16 being a witness, isn't that right?

17 A You mean --

18 Q You, you, your only activity --

19 MR. WALKER: Can we limit the time period?

20 MR. GOULD: Yes.

21 Q While you were getting the \$850 a month you
22 were a witness?

23 A Right.

24 Q You were being paid as a witness, right?

25 A No, I was not being paid as a witness, sir.

1 11 jhmch

Hellerman-cross

463

2 A My girl friend.

3 Q Did she get money from the Government, to your
4 knowledge?

5 MR. WALKER: Your Honor, I think this is far
6 afield.

7 THE COURT: Sustained.

8 Q In August of 1972 you went on a trip to
9 Switzerland, didn't you?

10 A Yes.

11 Q Who paid for that trip?

12 A I did.

13 Q With whose money?

14 A The money I took out of the last three deals.

15 Q Who went with you to Switzerland?

16 A Joan Grossman and Joel Goldfarb.

17 Q Did you tell the Government that you were
18 going to Switzerland in August 1972?

19 A I gave a copy of my itinerary to Judge Lasker
20 so he would approve and give me back my passport to try to
21 look for a place that I would like to relocate to and
22 live in Europe so I couldn't be traced --

23 Q Let's make it short, Mr. Hellerman.

24 The Government consented to the trip, isn't
25 that right?

1
2 A Yes, sir. I don't know what the Government
3 did. I know that Judge Lasker allowed me to go.

4 Q Gave you back your passport, right?

5 A Gave it to -- Mr. Broderick gave it to me.

6 Q They authorized your attorney to give you back
7 your passport, isn't that what happened?

8 A Yes, sir.

9 Q And you took Joan Grossman and Joel Goldfarb?

10 A Yes, sir.

11 Q Not your wife? Weren't you living with your
12 wife then?

13 A Yes, my wife was in Europe with my mother at
14 time.

15 Q Did your wife authorize you to bring Joan
16 Grossman?

17 MR. WALKER: Your Honor, I object.

18 THE COURT: Sustained.

19 Q Did you meet your wife in Europe?

20 MR. WALKER: Objection.

21 THE COURT: Sustained.

22 Q Did you open a bank account in Switzerland
23 when you were there?

24 A No, sir.

25 MR. WALKER: Objection.

13 jhmch

Hellerman-cross

Q You have made some undertakings, sir, to pay back the people that have been victimized by your manipulations?

A Yes, sir.

Q Did you tell us how much you paid back?

A So far, \$12,500.

Q And you plan to pay back the rest, is that it?

A Yes, sir, I do, definitely.

Q You don't have any present funds with which to do that?

A No, sir.

11/20/74
AM 5a

1 jwmch

Hellerman-cross

Q You have not been indicted in this case, have you?

A No, sir.

Q Do you have an understanding that you won't be indicted in this case?

A That's right.

Q And in some other cases?

A Yes, sir.

Q And that is in consideration of your cooperation in this matter?

A Yes, sir.

MR. GOULD: I have nothing more, your Honor.

THE COURT: We will have a short recess.

(Recess)

CROSS-EXAMINATION

BY MR. HAWKE :

Q Mr. Hellerman, I want to ask you a few questions about your agreement with the Government in October of 1972. I will try not to repeat anything that Mr. Gould covered this morning and yesterday.

You did agree at that time to make efforts toward restitution to the victims of your crimes, is that right?

A Yes, sir.

Q That was in September of 1971, was it not?

A Yes.

Q That was in connection with Michael Hellerman's venture into a new fraudulent act, namely, the forging of-- withdrawn -- the setting up of some account through the office of a lawyer by the name of Gerald Capps, isn't that so?

A No, the account had been set up.

Q What did you go to the Bahamas with Michael Hellerman for?

A He asked me to take the trip to the Bahamas for a day. He had been there before. The account in the company had been set up before and I had nothing to do with that.

Q Did you know what he was doing in the Bahamas when you went with him?

A Yes, he told me he was going to try to sell stock through the Bahamas, through his accounts in the Bahamas.

Q Through his accounts?

A The company's accounts that he had in the Bahamas.

Q Did he tell you why he chose the Bahamas?

A Yes.

Q Why did he tell you he chose the Bahamas?

A He said that in the Bahamas they would not reveal the principals.

whether he wants to go through with his rights under this, which would be clearly to have you put it on the record if he wants you to.

MR. SCHREIBER: Your Honor, it has recently come to our attention that Hellerman in the custody of marshals visited the home of Joan Grossman after he surrendered on his sentence to Judge Lasker but before his release.

The situation surrounding that visit was that he was to have a visit with Joan Grossman at a Federal Building on a certain day. The day was a holiday, No. 1.

No. 2. The Federal Building at that time, the marshals' office in which the visit was to take place, was in a state of disrepair. There were renovations going on. They were building walls and moving offices.

No. 3. Because of the manpower situation, the decision was made by the Chief Deputy Marshal out at this location, the safe house, that rather than assign two marshals to take her through a circuitous route and then to the Federal Building to meet him that they take him directly with two armed marshals to her apartment at which time he did have a two-hour visit in the custody of marshals.

As a matter of practice, visits by friends and family at safe houses are prohibited. The visits occur

generally at Federal Buildings. Frequently -- not frequently, but at times at the homes of people on the ground that if families came to the safe houses, which are prisons, the locations of the safe houses would be disclosed and since those safe houses are there to protect the lives of the witnesses, these people are not taken there.

I have been informed that these visits are spur of the moment visits so that these plans for such visits aren't known well in advance, which limits the security risk to the prisoners and witnesses involved.

The Government intends at the present time to call Hellerman back to the stand and to read the series of cross-examination questions asked by Mr. Goldberg and to ask him specifically whether there was such a visit, what the circumstances of that visit were and then maybe a few more questions, but then to call the Deputy U. S. Marshal, one of the Deputy U. S. Marshals, who accompanied him to that house, and to specify the reasons for that visit.

I also want to say that --

THE COURT: You should put on the record how you found this out.

MR. SCHREIBER: I am informed, first of all, that there was no sexual conduct during that visit; that there

were two children there besides the two deputy marshals. 25

This was first brought to my attention some time Tuesday when Joan Grossman called me and I asked her whether there was a visit between the time Hellerman surrendered and the time he was released and she said that there were two visits. One was after -- we determined after the time he was released and one she said was before on this Labor Day.

I said for her to check on the date. I spoke to Hellerman afterwards and he said she was absolutely right on the dates.

He was coming into the office yesterday and Mr. Littlefield interviewed him and confirmed the facts as I have indicated to you. We confirmed that again by calling the various marshals' offices involved and I am now reporting these facts to you.

MR. GOLDBERG: First of all, this reaffirms my belief that prosecutors are not infallible and defense lawyers are not on the other side of truth and justice.

I was subjected to considerable suspicions and comments about my misconduct when I suggested, without any good faith, that Mr. Hellerman had visited his mistress on 38th Street after jail custody.

THE COURT: This wasn't on 38th Street.

MR. GOLDBERG: At Joan Grossman's home.

THE COURT: No, this did not occur in New York City or in New York State.

MR. GOLDBERG: But I was still subjected, I want the record at least to be clear that such an encounter took place.

When I asked Hellerman whether he saw Joan Grossman after he was in jail custody --

THE COURT: He said yes.

MR. GOLDBERG: He said at a Federal place of detention.

MR. SCHREIBER: He said under prison conditions. I have it right here.

THE COURT: He might have thought it was prison conditions with two marshals sitting there.

MR. SCHREIBER: Not only was Hellerman taken to Joan Grossman's apartment, but because of the situation that I described, because of the office and the security and the holiday, at least one other prisoner was taken to a similar place, either that day or the next day, I think it was the next day, taken to the home of a visitor rather than in the Federal Building.

MR. GOLDBERG: It seems to me --

THE COURT: My only thought, you might not want

MR. SCHREIBER: What happened was, there had been no visits out of prison conditions. Nick Littlefield informed me that he, in a conversation with John Partington, who is the supervisor for that portion of the witnesses located east of the Mississippi, that Partington informed Littlefield, Hellerman had never seen Joan Grossman outside of prison conditions and I represented to the court on that basis, and to the extent that representation was in error, it was in error by the facts shown. I just want to correct something you said, Mr. Goldberg. On page 2043, line 14, you asked this question:

"Q For the time you went into custody, which was December of '72; is that correct?

"A December 26th, yes.

"Q Did you ever see Joan Grossman?

"A Yes, sir."

So, he answered that question.

MR. GOLDBERG: Did I say where?

MR. SCHREIBER: He said, "I only saw her in prison conditions guarded by marshals."

MR. GOLDBERG: He tried to convey to the jury and you jumped up and tried to convey to the judge that it was only in the prison facility in a 16 by 10 room and--

MR. SCHREIBER: No, I would like to correct

Q I show you this document and ask you to

253

identify it, if you can, Defendants' Exhibit T for identification.

A This is a safe-deposit box lease, Box No. 97 and the name of Michael C. Hellerman, 50 Lenox Road, Rockville Centre, New York.

Q When did Michael Hellerman lease that safe-deposit box?

A June 24, 1970.

MR. GOLDBERG: I offer it in evidence, your Honor.

MR. SCHREIBER: Can I have a voir dire?

THE COURT: Yes.

VOIR DIRE EXAMINATION

BY MR. SCHREIBER:

Q Mr. Burlon, I show you Defendants' Exhibit T for identification.

Were you at the bank when that box was taken, rented?

A Was I employed by the bank?

Q Yes, in the capacity in charge of those records?

A No, I was maybe a note teller. It is three years ago. I don't remember.

Q So you weren't in charge of the vault area, is

THE COURT: Tell the jury what that means. 254

THE WITNESS: Mr. Hellerman owes the Federal Government -- the box is frozen and the only people that are authorized to go down there is the Federal Government. There is a tax lien on the box. so the box is still frozen. There is a big seal on the box.

THE COURT: There is a little red seal?

THE WITNESS: We have a big one.

Q The lien that the Federal Government has on that box, at least as of July 25, 1972 --

A It is still on.

Q Was it increased at all?

A No.

Q It was a tax lien for approximately \$148,000 is that correct?

A Whatever is there. I don't know offhand. That is it.

MR. SCHREIBER: May I take a look at these, your Honor?

THE COURT: Yes.

(Pause.)

MR. GOLDBERG: Your Honor, I will increase my offer to all the documents to be offered in evidence.

THE COURT: What other documents are there?

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WASHINGTON, D.C. 20535

Q Did you also produce the documents that you have in your hand in court at the same time?

A Yes.

Q And you gave those to Mr. Goldberg together?

A Yes.

MR. SCHREIBER: No further questions.

REDIRECT EXAMINATION

BY MR. GOLDBERG:

Q That safe-deposit box I think you told us was rented in June of 1970.

Can you tell by looking at it?

A I don't have it before me.

Q June 24, 1970, right?

A Right, June 24, 1970.

Q Am I correct that between June 24, 1970 and the date that the notice of levy was filed, Michael Hellerman had access to that box, correct?

A That is correct.

Q And the Government didn't file a notice of levy, am I not correct, until July 25, 1972; is that correct?

A That is correct.

Q More than two years after he had access to the box, is that correct?

A That is correct.

Q I think you told Mr. Schreiber that the amount of the levy was \$148,457.15 and that was filed in 1972, correct?

A Correct.

Q Did the Government to your knowledge ever act to increase that levy in the area of \$3 or \$400,000 in back taxes?

A Not to my knowledge.

Q You say that in July, July 25, 1972 the box was sealed?

A That is right.

Q Did the Government take any steps, if you know, to seize and break open that box?

A No. They just put a seal on it and that is it. They just sealed the box. They didn't take anything out.

Q And made no effort to see what was in it?

A Not to my knowledge. I would have to check but not to my knowledge.

Q The box is still there?

A Yes, it is sealed.

MR. GOLDBERG: No further questions.

THE COURT: Do you keep a record of who went to

USA 334-475
(ED 4-23-71)

DEFENDANT
EXHIBIT
U. S. DIST. COURT
S. D. OF N. Y.

NAME (LAST)		(FIRST)		(M.I.)		AL.	
Hellerman		Michael					
STREET ADDRESS							
215-16 23rd Road,							
TOWN & STATE							
Bayside, New York							
DATE		TIME CONTACTED		☐ AM ☐ PM		TIME CONTACT ENDED	
8 / 5 / 72		2015				☐ AM ☐ PM	
REG. NO.		OPER. LIC. NO.		TYPE OF VEHICLE			
REASON FOR CONTACT				FACILITY			
Criminal Complainant- Alledge Embezzlement				JEKIA			
ACTION TAKEN				LOCATION			
Released- Complainant Failed Prosecute				Alatalia Departure			
PA 2184 1.1.67		POLICE CONTACT RECORD		OFFICER		SHIELD NO.	
				Det,s Ferranola/ Shinkle		I.U	

THIS SIDE FOR INTERROGATIONS ONLY

D.O.B. / / 40	HEIGHT 6 FT. 0 IN.	WEIGHT 225 LBS.	COLOR W	☒ MALE ☐ FEMALE
IDENTIFICATION MARKS				
OCCUPATION Financial Consultant			PLACE OF BUSINESS	

Note , See Det Harry Myers Files Located in the Bat Cave

MEMORANDUM

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REFER		NOTED	
TO	DATE	BY	DATE
RETURN TO		FILE	

TO: Inspector Joseph Caron, CO Detective Division
 FROM: Detectives F. Shinkle, N. Ferranola
 DATE: August 6, 1972
 SUBJECT: Detainment of Mob Connected Individual

REFERENCE: Confidential

COPY TO: Capt. Combariati, Lt Donnelly, Sgt Herman & File

On 8/5/72 at approx 2015, the undersigned officers received information from Police desk that 2 males were attempting to prevent another male from boarding an aircraft at Alitalia departure at IAP. Upon arriving at Alitalia we were met by a person who identified himself as Joseph Lichtman of 2244 Brighton 7th St B'klyn who stated that a person leaving on Alitalia flt. 602 due to depart at 2100 had swindled him out of \$100,000 and was leaving the country. Mr. Lichtman stated he wanted the person arrested. The undersigned accompanied him to the aircraft and he pointed out a male person in company with another male & a female. Subject was taken off aircraft and taken to terminal area, and when we arrived at terminal area Mr Lichtman stated he did not want this person arrested. At this time Det Maiolo, Newicki & Det Carlo Wago appeared and assisted us and we decided to remove all involved to Detectives Office. At Detectives office the person removed from aircraft was identified as Michael Cary Hollerman, M/V DOB 3/23/38 of 215-16 23 Ave Bayside, NY.

After questioning Lichtman, he stated that approx. 2-3 weeks ago he gave Hollerman 5 blank checks on Nat'l Bank of No. America under the name of "Minute Approved Credit Plan" and Lichtman signed them. He at that time authorized Hollerman who he knows only 5 weeks to make loans up to a total of \$10,000 on these checks. Lichtman made a check with the bank on 8/4/72 and found that 1 check was made out for \$26,500, 2 checks for \$20,000 each & 2 checks for \$15,000 each for a total of \$96,500. The Nat'l bank of No Amer. in question is located at 836 Quincy St, B'klyn.

Upon questioning Hollerman, he stated that the only reason that Lichtman wanted him detained was because he (Lichtman) wanted him to lose his money. It was also ascertained that Hollerman was arrested for Mail Fraud & Stock Fraud and was under sentence in the Southern District Court in NY. Subject then arrested, was arrested with Johnny Dio (Diogenesi) and others in stock fraud & rigging. Johnny Dio is a known hood and further investigation revealed that our Intelligence Squad had a file on Hollerman with news clippings which are attached.

With this new information, the FBI was contacted and Special Mike Fitzgerald who is familiar with Hollerman was contacted and this information was relayed to him. Also contacted was ABA Al Guardelli of the Gas PD Office and advised of the situation. When advised that Lichtman no longer wanted to press charges, he stated that we could arrest subject on Lichtman's complaint, however, due to his insistence that he would not press complaint, should obtain a release from Hollerman which is attached. We also obtained a signed statement from Lichtman that he originally made a complaint to us.

Lichtman was accompanied by a male person who did not want to be identified or involved who is believed to be a NYS Assemblyman from B'klyn and was operating a white Caddy, reg NY Assembly 890 NY.

FBI agents stated that they have no info on Hollerman, however he is due to be sentenced in Federal Court on 9/12/72.

It is believed by the undersigned that Hollerman and Lichtman are involved in a scheme to defraud and Lichtman thought that Hollerman was leaving the country for good. Hollerman also stated that Judge Lasker of Federal Court in Southern

MEMORANDUM

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REFER		NOTED	
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SUBJECT:

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COPY TO:

(Page 2 of 2)

District had returned his passport # J975002 and had given him permission to go on vacation in Italy. The checks involved are still in possession of the bank and Special Agents of the FBI are interested in this transaction and will contact the undersigned for further information.

Hollemann also revealed to the undersigned that the unidentified assemblyman is connected with Housing Urban Development (HUD) and is a little shady himself.

It was also revealed to the undersigned that the Nat'l Bank of Mo. America was recently bilked out of a Million dollars on check swindles.

The FBI indicates that it will investigate this new information from our Department which may be a conspiracy on the part of Lichtman and Hollemann.

Lichtman when questioned as to what kind of loan Hollemann was going to make with the checks stated that he was an officer in a Factory Discount Service. Also mentioned were 2 attorneys names, Frederick & Bereth (last spelling unknown) who might possibly come from East Greenwich, NJ who was allegedly supposed to have introduced Lichtman to Hollemann.

Detectives F. Chikilo/M. Ferranolo/D. Ferranolo

Best Copy Available

Hood Indicted in Stock Fraud

New York—Jailed hoodlum John Johnny Dio, Dioguardi was indicted by a federal grand jury yesterday along with eight other persons on charges of manipulating the price of a stock through rigged buy and sell orders.

U.S. Attorney Whitney North Seavey Jr. said that the activities of the alleged conspirators drove the price of the stock from \$5 to \$12, a share in eight months. Twelve persons were indicted on perjury charges in the case. Dio, 53, of 109 Greenpoint, Long Island City, is serving a five-year federal prison term for bankruptcy fraud.

Assistant U.S. Attorney Robert Morvillo said the defendants had used legitimate

brokers as pawns in the alleged scheme involving 28,000 shares of the Belmont Franchising Corp., which he described as "nothing more than a corporate shell." Morvillo estimated the profit to the defendants as between \$250,000 and \$1,000,000.

Charged with conspiracy to violate federal security laws, in addition to Dio, were: Richard Greenberg, 26, a stock broker, of 44 Adam Rd., W. Massapequa, Long Island; 48, of 181 Kings Point Rd., Long Beach; Michael Hellerman, 32, of 115-16 12th Rd., Bayside; Anthony Soldano, 45, of 77-02 58th Ave., Bayside; Harry Mendelsohn, 32, a stock broker, of 880 24th Ave., Brooklyn; Michael Caricato, 45, a stock broker, of 1031 Shore Pkwy., Brooklyn; Fred Goodman, 33, of 230 E. 15th St.,

Manhattan, and Morris Winter, 54, an attorney of 39 Gramercy Park North, Manhattan.

Indicted on charges of lying to the U.S. Securities and Exchange commission about the transactions were Edward Palermo, 32, of 11 Dickens Ave., Huntington; George Dwyer, 50, of 173 Riverside Dr., Manhattan, and Harvey Pollak, 36, of 200 Central Park S., Manhattan. They were scheduled to plead Tuesday. All face maximum prison terms of five years if convicted.

Hellerman and Soldano were among five men indicted three weeks ago on charges of siphoning off the assets of a Patchogue beauty supply firm which has filed for bankruptcy.



John Dioguardi
New York Daily News

2 Pose as Feds and Take 100G

By PETER McLAUGHLIN and
ARTHUR MULLIGAN

Michael Helleman, 35, who is under federal indictments as a racketeering stock manipulator with underworld pals who do not mind a bit of rough stuff, fell victim yesterday to two-rough acting underworld manipulators. Posing as federal marshals, they took him for \$100,500 in jewels and cash.

With all his federal troubles, Helleman was understandably, by yesterday afternoon, when the two "feds" showed up at his \$100,000 two-family house at 215-217 21st Road, Queens, Queens, and told his pregnant wife, Marguerite, that they wanted to "serve Helleman with a

new subpoena for a stocks and bonds deal.

Helleman scooped up a rear stairs to the second-floor apartment and hid out until he thought the coast was clear, police reported.

When he went downstairs 15 minutes later, he found Marguerite lying on the bed in the master bedroom, bound hand and foot and gagged.

The rest of the apartment was a shambles, with every bureau and dresser drawer yanked out, and with \$500 cash and \$100,000 in jewels — including a \$10,000 seven-carat diamond ring — gone. Also gone were the two "feds."

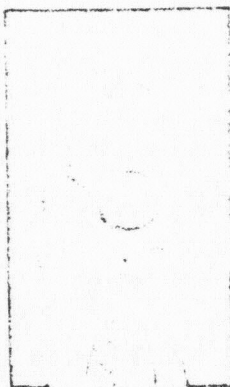
The episode was similar to a 1970 federal stock swindle case in which Helleman and nine others were charged with using street-corner tactics to force a Miami man to turn over all his stock and bonds in a fraudulent Florida bond investment plan.

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'Process Servers' Enter Home, Steal \$100G in Jewelry, Cash

4-11-72

A Bayside man was robbed of \$100,500 in jewelry and cash yesterday after he ducked out his back door to evade two holdup men who were posing as process servers.



Michael Hellerman

The stick-up victim was Michael Hellerman, 33, a financial consultant who was convicted last September along with John (Johnny Dio) Dioguardi in a stock manipulation case.

According to the police, two men knocked on the front door of Hellerman's two-family house at 215-15 23rd Rd., Bayside at 9:30 yesterday morning.

Hellerman's wife, Maryann, answered the knock while Hellerman listened and heard the two men tell her they had a subpoena for him in a federal stock fraud case.

As Mrs. Hellerman opened the door, Hellerman ducked out of his house and went upstairs to an apartment he rents to a tenant.

Once inside the house, the two men pulled out guns and forced Mrs. Hellerman into her bedroom, where she was bound and gagged.

Then the two ransacked the house and made off with \$100,000 in jewelry — including a \$50,000 seven-carat diamond ring — and \$500 in cash.

Hellerman returned to the apartment

when he saw the "process-servers" drive away.

The two men were described as in their 30s. One was 6-foot-4, blond, wore a brown leather jacket and carried a small pistol. The other was 5-foot-6, wore a brown suit and carried a small automatic.

According to the police, Hellerman pleaded guilty in the stock fraud case and is now awaiting sentencing.

56
OK

Stock-Rigging Charged to 8 & Johnny Dio

By NORMA ABRAMS

Nine men, including stock-brokers, financial consultants, a lawyer, and a imprisoned racketeer John (Johnny Dio) Dioguardi, were charged yesterday with having rigged trading in an over-the-counter stock that soared from \$5 to \$12 a share—and then collapsed.

According to the 40-count indictment announced by U. S. Attorney Whitney North Seymour Jr., two groups ran up the stock of Belmont Franchising Corp. between October 1969 and May 1970, allegedly netting from \$280,000 to \$1 million.

The 56-year-old Dioguardi, whom the government listed as jobless, is serving five years in the Auburn federal penitentiary for conspiracy and bankruptcy fraud.

The government charged that in the second phase of the run-up, Dioguardi was the top man with Michael Hebbelman, 32, described as a "financial consultant," of 215-16 2nd Road, Bayside, Queens.

Earlier Coercion Charge

Hebbelman already faces charges of having used racket methods to gain control of a beauty supply business in Patchogue, L. I., that was recently declared bankrupt in Brooklyn Federal Court. Another defendant in the stock fraud case, Anthony Salderno, 35, jobless, of 77-02 31st Ave., Jack on Heights, also was indicted in the Patchogue case.

The indictment also named 11 men as co-conspirators, but not defendants. Among them was Anthony Delorenzo, a member of the old Genovese family of the syndicate, according to authorities.

Salderno has been imprisoned in a New Securities case.

Accuse Dio and 8 Of Stock Rigging

Aging John (Johnny Dio) Dioguardi and six other Long Islanders were among nine persons indicted yesterday on stock manipulation charges.

The Federal grand jury named the 56-year-old Dioguardi as among those who manipulated a stock from \$5 a share to \$12 a share through rigged buy and sell orders.

The stock involved 28,000 shares of Belmont Franchising Corp., of New York, which the Manhattan District Attorney said was a corporate shell.

The indictment charged two of the defendants bought the stock and created an artificial market in it through the rigged trading orders, using some un-appearing brokers as pawns.

Dioguardi, of 109 Tressport Ave., Point Lookout, is now serving a 10-year bid for bankruptcy fraud.

Others named were Michael Hebbelman, 32, a financial consultant of 215-16 2nd Road, Bayside; Anthony Salderno, 35, unemployed, of 77-02 31st Ave.; Jackson Heights; Gary Fredericks, 32, a stockbroker, of 83-80 24th Ave., Bayside; Michael Caricato, 35, also a stockbroker, of 1091 Shore Parkway, Brooklyn; Fred Goodman, 33, a financial consultant of Manhattan; Richard Greenberg, 29, a stockbroker, of 44 Acorn Road, Massachusetts; Louis C. Miller, 35, an insurance salesman, of 181 Kings Point Road, Kings Point; and Morris Weller, 54, an attorney of Manhattan.

Three others named as co-conspirators, were indicted separately for conspiracy and making false statements to the grand jury. They were George Drifman, 50-year-old business executive; Harry Goldak, a 26-year-old business man, both of Monticello; and John J. Polerino, 32, an industrialist of 11 Dickers Ave., Huntington.

All will plead to the indictment next Tuesday.

5 Indicted in 100-G Fraud

New York—Five men have been indicted by a federal grand jury, on charges of siphoning off \$100,000 from two Patchogue firms through a scheme that ended with both companies going into bankruptcy.

Bench warrants issued Thursday, charged the five—all last reported still at large—with violating provisions of anti-racketeering legislation passed by Congress last October. The act prohibits taking over business interests through a pattern of racketeering activity.

Firms Are Named

The two firms involved were NATCO Beauty Supply Center Inc. and Merchandise Plus Inc., both at 370 Medford Ave., Patchogue. One of the five defendants, Stephen M. Schustek, 28, of 6309 108th St., Forest Hills, was identified by a spokesman for the U.S. attorney's office as a principal in the firms. Another, Michael Hollerman, 33, a financial counselor, of 215-16 23rd Rd., Bayside, was indicted last November and accused of being part of a multimillion-dollar mob-connected stock fraud scheme.

According to the indictment, the firms purchased merchandise on credit, but the supplies were sold for cash and the suspects allegedly kept the money instead of paying the bills. At the same time, the indictment said, checks drawn on accounts of both Patchogue firms were deposited for credit and gambling tokens at casinos in Las Vegas and the Bahamas, but instead of being used for gambling, the tokens were redeemed. While the cash of the firms was drained, the suspects, according to the indictment, were able to present checks to the casinos as proof of "gambling losses."

20-year Sentence Possible

The others indicted were Samuel Balgiano, 57, a restaurant employee, of 80-13 Roosevelt Ave., Jackson Heights; Al Rizzo, of 36 E. 35th St., Manhattan; and Anthony Sindaro, 44, of 77-02 34th Ave., Jackson Heights. All are liable to prison sentences of 20 years and fines of \$25,000 if convicted. They are scheduled to plead to the indictment on Monday.

February 6, 1973

Hon. Henry Petersen
Assistant Attorney General
Criminal Division
Department of Justice
Washington, D. C. 20530

Re: Michael Hellerman

Dear Mr. Petersen:

In November 1972, we received authorization for the United States Marshal Service to provide protective custody and eventual relocation under a new identity for Michael Hellerman and his family. Hellerman has provided assistance to this office in a number of cases involving significant organized crime figures. He was the major Government witness at the recent stock fraud trial of John Dioguardi, a/k/a Johnny Dio, which resulted in convictions of Dioguardi and his co-defendant Louis Ostrer. It is anticipated that he will testify as the main Government witness in perjury prosecutions of Carmine Tramunti, Vincent Aloï, Vincent Gugliaro and in stock fraud prosecutions of Buster Aloï, Ralph Lombardo, Edward Vassalo and Accursio "Gus" Trapani. He has already testified in the Grand Jury in connection with most of these cases and it is anticipated that indictments will be returned within the next month or so. It is also anticipated that Hellerman will testify both in the Grand Jury and at trial in a substantial number of additional cases which this office is presently investigating.

Very truly yours,

JOHN R. HARRIS, Jr.
United States Attorney

By:

JOHN R. HARRIS, Jr.
United States Attorney

Hellerman is presently serving a two year sentence imposed after his pleas of guilty to three charges involving three separate stock manipulations. We are writing to request that for security reasons Hellerman be designated to serve his sentence in the custody of the United States Marshal at a "safe-house" rather than in the Federal Institution to which he has been assigned. We believe that Hellerman is in substantial danger as a result of the testimony that he can provide against the above-named organized crime figures and others. We received information from the Federal Bureau of Investigation in May 1972, that a contract was placed on Hellerman's life as a result of underworld speculation that Hellerman was cooperating with the Government at that time. Since the fact of Hellerman's cooperation has become public knowledge through his testimony at the Dioguardi trial, we received information from the New York State Police to the effect that Hellerman was in serious danger. Our need to frequently transfer Hellerman out of the institution to which he has been assigned for various trial and Grand Jury proceedings will substantially increase the risk that he will be detected and suffer serious consequences. It is our understanding that the branch of the United States Marshal Service which operates these "safe-houses" has made similar arrangements to house other Government witnesses who are serving sentences. The man is an extremely valuable witness and informant and we anticipate that his subsequent trial testimony will be of great significance in convicting significant organized crime figures.

We would appreciate receiving a response to this request at your earliest convenience. If you need further information or have any questions please call Assistant United States Attorney John R. Wing at (212) 264-6596.

Very truly yours,

WHITNEY NORTH SEYMOUR, Jr.
United States Attorney

By:

JOHN R. WING
Assistant United States Attorney

May 25, 1973

Hon. Henry Petersen
Assistant Attorney General
Criminal Division
Department of Justice
Washington, D. C. 20530

Re: Michael Hellerman

Dear Mr. Petersen:

Enclosed please find a copy of a letter we wrote to you back on February 6 of this year relating to Michael Hellerman. For the reasons set forth in that letter, we requested that Hellerman be designated to serve his sentence in the custody of the United States Marshal at a "safe-house" rather than in the Federal Institution to which he has been assigned. To date we have received no response to this letter. We certainly understand that this is far from the most important matter crossing your desk these days but it is important for us to have the matter resolved as soon as possible. Hellerman has remained at a "safe-house" since the date of our earlier letter and we would appreciate receiving a response to this request at your earliest convenience.

Very truly yours,

WHITNEY NORTH SEYMOUR, Jr.
United States Attorney

By:

JOHN R. WING
Assistant United States Attorney

Enclosure

Memorandum

TO : MR. MCGUIRE

DATE: January 8, 1973

FROM : MR. WING

SUBJECT: Hellerman

In the course of several interviews Hellerman volunteered information which indicates his involvement in the following criminal activity.

1. Four or five years ago Hellerman acted as a middleman in passing \$150,000 stolen treasury bills from one party to another party for cashing. Bills were never cashed. Hellerman arrested by New York County detectives. Hellerman paid money to an investigator who advised him that it was used to take care of the cops on the case. New York County District Attorney's Office investigated matter but did not prosecute.

2. Hellerman purchased stolen credit card from Tony Soldano and used it to pay for Marty Roth's honeymoon cruise.

3. Tabbys stock fraud. The SEC investigated this matter and treated as a civil matter.

4. Hellerman has purchased stolen dresses, shirts and jewelry.

5. In 1968 Hellerman paid off a union representative for labor peace in connection with his restaurant. Hellerman also participated in negotiations for a similar payoff by another restaurant owner.

6. In connection with civil matters, Hellerman has paid money to lawyers some of which money he was told was used to pay off, in one instance, an S.L.A. investigator, in two instances, state court judges, and in another instance a union official.

7. Hellerman participated in scheme to print up counterfeit bank check in amount of \$30,000 and cash it with diamond merchant.

J.R.W.

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan



JRW:dlf

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8. Hellerman participated in scheme to help an individual evade income taxes by writing a corporate check to a fictitious paint company and receiving back part of the cash proceeds of the check.



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Memorandum of Agreement

WHEREAS, Michael Hellerman has been involved in various past criminal activities with members of organized crime, and is now willing to acknowledge his criminal past, and to undertake to make efforts toward restitution to victims of his crimes, to commit no crimes in the future, and to testify truthfully before the Grand Jury and/or at trial in any case in which he is requested to testify,

WHEREAS, the Grand Jury has filed two indictments, United States v. Alois, et al. [Imperial Investment], 71 Cr. 967 and United States v. Soldano, et al., [Belmont Franchising], 71 Cr. 558, naming as defendants Michael Hellerman and others, including alleged members of organized crime,

WHEREAS, the Grand Jury has other investigations presently underway and/or pending involving facts, events and individuals of which Michael Hellerman has personal knowledge and which matters, if disclosed, would be of significant assistance in those investigations, and

WHEREAS, Michael Hellerman is in fear of his life because of his past criminal involvement with members of organized crime from whom he fears reprisal;

IT IS HEREBY AGREED by Michael Hellerman and by the United States Attorneys Office for the Southern District of New York, by Robert G. Morvillo, Assistant United States Attorney

1. Michael Hellerman shall commit no more crimes in the future and shall be barred for life from employment in the securities business and from acting as an advisor to anyone other than members of his immediate family with regard to securities investments.

2. Michael Hellerman will testify truthfully before the Grand Jury and/or at trial in any cases in which the Government requests him to testify.

3. Michael Hellerman shall disclose all information the Government requires with respect to the activities of himself and others in all matters which the Government is investigating or with respect to which the Government requests information.

4. Hellerman shall enter a plea of guilty to one two-year count with respect to the "Belmont" securities fraud, and to one two-year count with respect to the "At Your Service" fraud in addition to the plea of guilty already entered to a two-year count in the "Imperial" fraud case.

5. During such time as Michael Hellerman is in prison, the Government will take such precautions as are necessary to secure his physical safety.

6. At the time of Michael Hellerman's release from custody after serving the sentences imposed on his pleas of guilty, the Government will assist Michael Hellerman and his family to relocate in some suitable location, under conditions that will prevent persons outside the Department of Justice from learning where he is living.

7. Provided that Michael Hellerman complies with all the foregoing terms of this understanding, after sentence is imposed

on Hellerman upon his guilty pleas, the Government will not further prosecute Hellerman with regard to the three cases in which he is pleading guilty nor with regard to:

- a) The Globus Case
- b) The Minute Approved Credit Case
- c) The Julius Weintraub-Jacob Landau Case
- d) The Case involving Irving Lane cashing checks in the Bahamas
- e) The Automated Information Case
- f) The Computer Microdata Case.

8. The Government will, in any instance where it becomes necessary, use its best efforts to persuade any State or local prosecutor not to prosecute Hellerman with regard to the matters mentioned herein.

9. In the event that Michael Hellerman violates any of the conditions or terms of this understanding, the Government will be free to and shall prosecute Michael Hellerman with regard to any violations of the criminal law in which he may have been involved, including the cases specifically enumerated in paragraph 7.

Vincent DiDorick
by T.D. Edwards
Attorney for Michael Hellerman

Michael Hellerman
Robert S. Marshall
Oct 19 1972

Talk to MH 2/2/72 9:40 PM at office of
 City, then Edwards, 36 W. 44. Present company,
 I suppose. MH asked to see records of Belmont
 from memory. He does claim to have collection

MH checking acct at First National
 Bank ... check to GD for \$15,000,
 probably post-dated, prob never used,
 definitely never cleared - various intgs but never
 a deal with GD (La Rocca - Taylor present intgs)

Later Dio sent Rudy 1/30 to meet w/ MH's
 Soldano & Taylor ^{at inside of bank} in lobby - Belmont ^{probably there} mentioned
 at this time. Anyhow it was about this time.

Make deal on a holiday with Goodman,
 Taylor, ^{and} MH ~~and~~ (Eddie Gureff). Deal made in
 an hour. FG + MT said, in round figures,
 there was 30,000 sh. tradeable stock outstanding in Belmont
 + that GD had put all. MH agreed to take
 box at 15 in return for \$5 a share.

A couple of days later, another meeting: FG, MT
 confirmed that there was 28,000 sh. outstanding; also
~~that~~ Soldano guaranteed Goodman's performance.
 MH told Dio this -- the arrangement
 was that Dio would get 25% (his "standard").

Next thing that happened was that Soldano
 gave MH \$30,000 cash, which was MH's end
 of the first trade that Kelsey made to buy Belmont
 @ 15 -- doesn't remember what customers of
 Kelsey bought the stock. Took the \$30,000
 directly to Dio. This part of a \$50,000 payment to Dio about this
 time. MH told Oster about his deal. Made
 arrangement with Oster to buy 17,500 shares.
 Oster, thinking he ~~could~~ ^{can} borrow much of purchase
 price at banks; ~~but~~ puts in order but
 then can't raise the money. Meeting at

* Oster only got 10,500 if MH's recollection is correct.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA :

-v- :

JOHN DICICCHIA, CARLINE TRANQUILLI, :
VINCENT ALLOI, VINCENT GUILLARO, VINCENT :
LOMBARDO, PASQUALE FUSCO, JOHN SAVINO, :
PHILIP DOMODORO, JAMES BURKE, MICHAEL :
HILLERMAN, MURRAY TAYLOR, ROBERT FRANK, :
FRED GOODMAN, RONALD ALPERT, EDWARD :
WEISS and IRWIN LAYNE, :

INDICTMENT

70 Cr. 267

Defendants. :

The Grand Jury charges:

1. From on or about the 1st day of December, 1963 and continuously thereafter up to and including the date of the filing of this indictment, in the Southern District of New York and elsewhere, JOHN DICICCHIA, CARLINE TRANQUILLI, VINCENT ALLOI, VINCENT GUILLARO, VINCENT LOMBARDO, PASQUALE FUSCO, JOHN SAVINO, PHILIP DOMODORO, JAMES BURKE, MICHAEL HILLERMAN, MURRAY TAYLOR, ROBERT FRANK, FRED GOODMAN, RONALD ALPERT, EDWARD WEISS and IRWIN LAYNE, the defendants herein and Gerald Devins, Sidney Stein, Steven Schonberg, John Kelsey, Ira Schultz, Stanleigh Eador, Joseph Bald, Rene Dellarco, Steve Murray, and Anthony Soldano named herein as co-conspirators but not as defendants unlawfully, wilfully and knowingly did combine, conspire, confederate and agree together and with each other and with other persons to the Grand Jury known and unknown to commit certain offenses against the United States, to wit violations of Sections 77a, 77a(b), 77c, 781, 781f of Title 15 and Sections 1341, 1343 and 1352 of Title 18, United States Code.

4. It was further a part of said conspiracy that said defendants and co-conspirators, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, unlawfully, wilfully and knowingly, would transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals and sounds for the purpose of executing said scheme and artifice.

5. It was further a part of said conspiracy that said defendants and co-conspirators unlawfully, wilfully and knowingly would, directly and indirectly, make use of means and instruments of transportation and communication in interstate and foreign commerce and of the mails to sell securities, to wit, common stock of Imperial through the use and medium of a prospectus and otherwise, no registration statement as to said securities being in effect with the Securities and Exchange Commission.

6. It was further a part of said conspiracy that said defendants and co-conspirators, would travel and cause travel in interstate commerce and would use and cause to be used facilities in interstate commerce with intent to promote, manage, establish, carry on and facilitate the promotion, management, establishment and carrying on of an unlawful activity, to wit, extortion in violation of the laws of the States of Florida and New York.

7. It was further a part of said conspiracy that the defendants and their co-conspirators in connection with the purchase and sale of securities, to wit, common stock of

2. It was part of said conspiracy that said defendants unlawfully, wilfully and knowingly in the offer and sale of securities, to wit, common stock of Imperial Investment Corporation (hereinafter Imperial), by the use of means and instruments of transportation and communications in interstate commerce and by use of the mails, would directly and indirectly (a) employ devices, schemes and artifices to defraud; (b) obtain money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engage in transactions, practices and courses of business which operated and would operate as a fraud and deceit upon the purchasers of the common stock of Imperial and upon any and all persons to whom the said defendants and co-conspirators, directly and indirectly, would attempt to sell the aforementioned securities.

3. It was further a part of said conspiracy that said defendants and co-conspirators, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, unlawfully, wilfully and knowingly, and for the purpose of executing said scheme and artifice and attempting so to do, would place and cause to be placed in post offices and authorized depositories for mail matter, and would cause to be delivered by mail according to the direction thereon, certain matter to be sent and delivered by the Post Office Department.

(e) Defendant MICHAEL HELLERMAN would and did take control of an additional 21,500 shares of Imperial by causing defendants JAMES BUNKER, VINCENT LONGARDO and RUSQUALE FUSCO to threaten the true owners thereof and thereby cause them to give custody and control of said stock to defendant MICHAEL HELLERMAN.

(f) Defendant MICHAEL HELLERMAN would and did cause various brokerage firms to enter the "pink sheets" of the National Daily Quotation Service to establish and maintain an artificial price for and to convey the false and misleading impression that there was an active market in Imperial stock for the purpose of inducing the purchase of Imperial stock by others.

(g) Defendants MICHAEL HELLERMAN, FRED GOODMAN and MURRAY TAYLOR would and did agree that Taylor would purchase Imperial and that Hellerman would sell Imperial through the over the counter securities market.

(h) Defendant MURRAY TAYLOR and co-conspirator Joseph Bald would and did open up accounts at various brokerage houses and purchase and order substantial quantities of Imperial stock to establish and maintain an artificial price for and to convey the false and misleading impression that there was an active market in Imperial stock.

(i) Defendants MICHAEL HELLERMAN, MURRAY TAYLOR, JOHN DISOMARDE and FRED GOODMAN would and did agree to split all profits derived as a result of the sales by defendant MICHAEL HELLERMAN of Imperial stock at the artificially and manipulatively maintained price.

(j) Defendant MICHAEL WELLMAN caused co-conspirator Ira Schultz, a registered representative at Bruns, Borden & Co. to recommend Imperial stock to his customers for the purpose of creating and maintaining an artificially high price for the stock.

(k) Defendants MICHAEL WELLMAN, FRED COONAN, MURRAY TAYLOR, JOHN DIOSARDI, CARMINE TRANONZI, PHILIP BONCINO, RONALD ALBERT, BERNARD WEISS, ERWIN LAYNE and VINCENT GUILLANO would and did agree to create the false and misleading impression that there was an active market in Imperial stock for the purpose of causing the price of said stock to rise.

(l) Defendants MICHAEL WELLMAN and MURRAY TAYLOR would and did arrange for defendant MURRAY TAYLOR to secure loans so that he could pay for the Imperial stock purchased by defendant MURRAY TAYLOR and co-conspirator Joseph Fald.

(m) Defendants MURRAY TAYLOR, RONALD ALBERT and BERNARD WEISS would and did open up accounts at Paul F. Newton & Co., a brokerage firm in Houston, Texas and order and purchase Imperial stock to create the false and misleading impression that there was an active market in Imperial stock for the purpose of causing the price of said stock to rise and be maintained at artificially high prices.

(n) Defendant MICHAEL WELLMAN co-conspirators John Kelsey and Steven Schoengold would and did control the brokerage firm of J. H. Kelsey & Co.

(o) Defendants MICHAEL WELLMAN and MURRAY TAYLOR and co-conspirators John Kelsey and Steven Schoengold would and did open up accounts in various names for defendants

MURRAY TAYLOR and MICHAEL HELLERMAN and sold Imperial stock in said accounts at the same time defendants MURRAY TAYLOR, RONALD ALBERT and BERNARD WEISS were purchasing it in Texas.

(p) Defendant FRED GOODMAN would and did purchase and cause purchases to be made of Imperial to create the false and misleading impression that there was an active market in Imperial stock and for the purpose of causing the price of said stock to rise.

(q) Defendants MICHAEL HELLERMAN and ROBERT FRANK would and did cause a portion of the proceeds of the sale of Imperial stock to be paid to co-conspirator Gerald Devins.

(r) Defendants MICHAEL HELLERMAN, MURRAY TAYLOR, JOHN DEGUARDI, RONALD ALBERT, BERNARD WEISS, ERWIN LAXNE, PHILIP LONGDONO and VINCENT GUSLEARO would and did split up the profits from the aforementioned sales of Imperial.

(s) Defendants JOHN DEGUARDI, CARMELO TRAMONTI, VINCENT ALOI, MICHAEL HELLERMAN, MURRAY TAYLOR, FRED GOODMAN, ROBERT FRANK, RONALD ALBERT, BERNARD WEISS, ERWIN LAXNE, PHILIP LONGDONO and VINCENT GUSLEARO, would and did directly and indirectly in the offer and sale of Imperial, unlawfully, wilfully and knowingly make and cause to be made to purchasers of Imperial false, fraudulent and misleading written and oral promises, representations and statements and knowingly would and did conceal and omit to disclose to the purchaser of Imperial material facts necessary to be stated in order to make the statements made to said persons, in the light of the circumstances under which they were made, not misleading.

(c) Defendants JOHN DICGUARDI, CARMINE TRANUNTI, VINCENT ALOI and VINCENT GUGLIARO would and did call and hold "sit downs" to organize the distribution of Imperial, to resolve disputes between the defendants and co-conspirators and to decide upon the distribution of the proceeds.

CRIME ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants did commit the following overt acts in the Southern District of New York:

1. On or about June 17, 1969, defendant MICHAEL HELLERMAN was at 6 East 43rd Street, New York, New York.
2. On or about August 22, 1969, defendants MICHAEL HELLERMAN, JAMES BURKE and PASQUALE FUSCO were at 209 W. 30th St. New York, New York.
3. In or about October, 1969, defendant FRED GOODMAN was at 1410 Broadway, New York, New York.
4. On or about November 3, 1969, defendant MURRAY TAYLOR was at 111 Broadway, New York, New York.
5. In or about November, 1969 defendant JOHN DICGUARDI was at 20 East 41st Street, New York, New York.
6. In or about November, 1969 defendants CARMINE TRANUNTI and VINCENT GUGLIARO were at 20 East 41st Street, New York, New York.
7. On or about December 2, 1969 defendant RONALD ALBERT was at 103 Park Avenue, New York, New York.
8. On or about December 2, 1969 defendant BERNARD WEISS was at 103 Park Avenue, New York, New York.

9. In or about February, 1970 defendant
VINCENT ALOI was at 20 East 41st Street, New York, New York.

(Title 18, United States Code, Section 371.)

CHARGE AND THEORY OF CASE

The Grand Jury further charges:

1. From on or about the 1st day of December, 1933 up to and including the date of the filing of this indictment in the Southern District of New York, the defendants JOHN DICCHARDI, CARLINE TRAMER, VINCENT ALOI, MICHAEL HILLERMAN, VINCENT GULLIARO, MURRAY TAYLOR, ROBERT FRANK, FRED GOODMAN, RONALD ALPERT, EDWARD WEISS, ERWIN LAYNE, and PHILIP LONGONO, unlawfully, wilfully and knowingly in the offer and sale of securities, to wit common stock of Imperial, by the use of means and instruments of transportation and communications in interstate commerce and by use of the mails, (a) did employ devices, schemes and artifices to defraud; (b) did obtain money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statement made in the light of the circumstances under which they were made, not misleading; and, (c) did engage in transactions, practices and courses of business which would operate and did operate as a fraud and deceit upon purchasers of said securities and other persons whom the said defendants, directly and indirectly, attempted to induce to purchase said securities.

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2. The allegations contained in paragraph 8 of Count One of this indictment are repeated and realigned as though fully set forth herein as constituting and describing the means by which the defendants committed the offense charged in paragraph 1 of these counts.

3. On or about the dates hereinafter set forth in Counts two through eleven in the Southern District of New York, the defendants, JOHN DIUGUARDI, CARMINE TRANZITTI, VINCENT ALOI, VINCENT GUILLARO, MICHAEL HEILBERMAN, MURRAY TAYLOR, ROBERT FRANK, FRED GOODMAN, RONALD ALBERT, BERNARD WEISS, LEWIN LAYNE, and PHILIP BONODONO unlawfully, wilfully and knowingly did cause to be delivered by mail, according to the direction thereon, to the persons hereinafter set forth, the matter hereinafter set forth:

<u>COUNT</u>	<u>DATE</u>	<u>ADDRESSEE</u>	<u>MATTER</u>
2	11/13/69	Jack Rosenberg c/o M. Taylor 103 Park Avenue New York, New York	A confirmation for sale of 1000 shares of Imperial stock.
3	12/16/69	Jack Rosenberg c/o M. Taylor 103 Park Avenue New York, New York	Confirmations for sale of 2000 shares of Imperial stock.
4	12/22/69	William Scully c/o M. Taylor 103 Park Avenue New York, New York	A confirmation for sale of 2000 shares of Imperial stock.
5	12/24/69	Jack Rosenberg c/o M. Taylor 103 Park Avenue New York, New York	Confirmations for sale of 4000 shares of Imperial stock.
6	12/24/69	Sam Weiss c/o M. Taylor 103 Park Avenue New York, New York	A confirmation for sale of 1000 shares of Imperial stock.

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<u>CONF</u>	<u>DATE</u>	<u>ADDRESS</u>	<u>MATTER</u>
7	12/24/69	Victor Olbert c/o M. Taylor 103 Park Avenue New York, New York	A confirmation for sale of 1000 shares of Imperial stock.
8	12/24/69	Abraham Mandel c/o M. Taylor 103 Park Avenue New York, New York	A confirmation for sale of 1000 shares of Imperial stock.
9	12/25/69	Jack Rosenberg c/o M. Taylor 103 Park Avenue New York, New York	Confirmations for sale of 6700 shares of Imperial stock.
10	1/19/70	Morris Stein c/o M. Taylor 103 Park Avenue New York, New York	A confirmation for sale of 2000 shares of Imperial stock.
11	1/19/70	Jack Rosenberg c/o M. Taylor 103 Park Avenue New York, New York	Confirmations for sale of 6000 shares of Imperial stock.

(Title 15, United States Code, Sections 77c(a) and
77x; Title 18, United States Code, Section 2)

CONVICTION OF DEFENDANTS

1. From on or about the 1st day of December, 1963 up to and including the date of the filing of this indictment in the Southern District of New York, the defendants JOHN DICQUARDI, CARLINE TRACENTI, VIRGENT ALOI, VIRGENT GUSLEARO, MICHAEL WEILBERMAN, MORRIS TAYLOR, ROBERT FRANK, FRED COGDHAN, RONALD ALPERT, EDWARD WEISS, IRWIN LAYNE and PHILIP MONRODINO, unlawfully, wilfully and knowingly did, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails, use and employ in connection with the purchase and sale of securities to wit common stock of Imperial, manipulative, and deceptive devices and contrivances in contravention of Rule 10b-5 [17 CFR Section 240.10b-5] of the rules and regulations of the United States Securities and Exchange Commission.

2. The allegations contained in paragraph 3 of Count One of this indictment are repeated and re-alleged as though fully set forth herein, as constituting and describing the means by which said defendants committed the offense charged in paragraph 1 of these counts.

3. On or about the dates hereinafter set forth in Counts twelve through twenty-seven, in the Southern District of New York, the defendants JOHN DICQUARDI, CARLINE TRACENTI, VIRGENT ALOI, VIRGENT GUSLEARO, MICHAEL WEILBERMAN, MORRIS TAYLOR, ROBERT FRANK, FRED COGDHAN, RONALD ALPERT, EDWARD WEISS, IRWIN LAYNE, and PHILIP MONRODINO unlawfully, wilfully and

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knowingly did use and cause to be used means and instrumentalities of interstate commerce and the mails pursuant to and in furtherance of the scheme alleged in paragraph 1 of these counts, by sending and causing to be sent to the persons and addresses hereinafter set forth the matter hereinafter set forth:

<u>COUNT</u>	<u>DATE</u>	<u>ADDRESSEE</u>	<u>MATTER</u>
12	12/2/69	Ronald Alpert 16 Canterbury Rd. Great Neck, N.Y.	Confirmations for 3000 shares of Imperial stock.
13	12/4/69	Ronald Alpert 16 Canterbury Rd. Great Neck, N.Y.	Confirmations for 2000 shares of Imperial stock.
14	12/15/69	Bernard Weiss 1175 E. 59th St. Brooklyn, N.Y.	Confirmations for 3700 shares of Imperial stock.
15	12/16/69	Bernard Weiss 1175 E. 59th Street Brooklyn, N.Y.	Confirmation for 2000 shares of Imperial stock.
16	12/18/69	Bernard Weiss 1175 E. 59th St. Brooklyn, N.Y.	Confirmation for 600 shares of Imperial stock.
17	12/18/69	Ronald Alpert 16 Canterbury Rd. Great Neck, N.Y.	Confirmations for 1500 shares of Imperial stock.
18	12/18/69	Steve Tobak 1024 Banner Ave. Brooklyn, N.Y.	Confirmations for 4000 shares of Imperial stock.
19	12/19/69	Steve Tobak 1024 Banner Ave. Brooklyn, N.Y.	A Confirmation for 2000 shares of Imperial stock.
20	12/22/69	Bernard Weiss 1175 E. 59th St. Brooklyn, N.Y.	A confirmation for 1000 shares of Imperial stock.

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<u>COUNT</u>	<u>DATE</u>	<u>ADDRESS</u>	<u>NUMBER</u>
21	12/22/69	Stanley S. Lane 103 Park Avenue New York, New York	Confirmations for 1500 shares of Imperial stock.
22	12/22/69	Steve Toback 1024 Banner Ave. Brooklyn, N.Y.	Confirmations for 2000 shares of Imperial stock.
23	12/23/69	Bernard Weiss 1175 E. 59th Street Brooklyn, N.Y.	Confirmations for 2000 shares of Imperial stock.
24	12/23/69	Stanley S. Lane 103 Park Avenue New York, New York	Confirmations for 2000 shares of Imperial stock.
25	12/24/69	Murray H. Taylor 103 Park Avenue New York, New York	Confirmations for 10,000 shares of Imperial stock.
26	12/25/69	Stanley S. Lane 103 Park Avenue New York, New York	Confirmations for 1000 shares of Imperial stock.
27	12/25/69	Murray H. Taylor 103 Park Avenue New York, N.Y. 10017	Confirmations for 10,000 shares of Imperial stock.

(Title 18, United States Code, Sections 78j(b)
and 78ff; Title 18, United States Code,
Section 2)

COUNTS TWENTY-EIGHT THROUGH THIRTY-TWO

The Grand Jury further charges:

On or about the dates hereinafter set forth in Counts twenty-eight through thirty-two, the defendants, JOHN BIGGARDE, VINCENT IOLIZAREO, BASQUALE FUSCO, JAMES BURKE, MICHAEL HELLERMAN, and ROBERT FRANK unlawfully, wilfully and knowingly, directly and indirectly, made use of the mails and caused the mails to be used to sell a security, to wit, common stock of Imperial, through the use and medium of a prospectus and otherwise, in that said defendants did use the mails and cause the mails to be used to send from Bruno, Nordenman & Co., 115 Broadway, New York, New York to MICHAEL HELLERMAN, c/o Bill Weiss, c/o Jazer Slade & Weiss, 6 East 43rd St., New York, New York, confirmations covering sales of said security in the amounts hereinafter set forth, no registration statement as to said security being in effect with the Securities and Exchange Commission.

<u>COUNT</u>	<u>DATE</u>	<u>NUMBER OF SHARES</u>
28	6/10/69	2700
29	6/11/69	1400
30	6/12/69	2500
31	6/13/69	2400
32	6/18/69	1300

(Title 15, United States Code, Section 77c, 77x;
Title 18, United States Code, Section 2)

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COUNTS THIRTY-THREE THROUGH FORTY-NINE

The Grand Jury further charges:

On or about the dates hereinafter set forth in Counts thirty-three through forty-nine, the defendants, JOHN DICCHIARDI, VINCENT LOZARDO, PASQUALE FUSCO, JAMES BURKE, MICHAEL HELLMAN and ROBERT FRANK unlawfully, wilfully and knowingly, directly and indirectly, made use of the mails and caused the mails to be used to sell a security, to wit, common stock of Imperial through the use and medium of a prospectus and otherwise in that said defendants did use the mails and caused the mails to be used to send from Coggeshall & Hicks, 1 Liberty Street, New York, New York, to MICHAEL HELLMAN, 50 Lenox Rd., Rockville Center, N.Y., confirmations covering sales of said security in the amounts hereinafter set forth, no registration statement as to said security being in effect with the Securities and Exchange Commission.

<u>COUNT</u>	<u>DATE</u>	<u>NUMBER OF SHARES</u>
33	9/2/69	1000
34	9/11/69	1000
35	9/15/69	1000
36	9/16/69	1000
37	10/7/69	4900
38	10/3/69	5300
39	10/10/69	2500
40	10/13/69	2200
41	10/15/69	500

<u>CONF</u>	<u>DATE</u>	<u>NUMBER OF SHARES</u>
42	10/16/69	1900
43	10/17/69	2200
44	10/20/69	1500
45	10/21/69	3200
46	10/22/69	3750
47	10/22/69	500
48	10/24/69	2500
49	11/11/69	1300

(Title 15, United States Code, Sections 77c, 77n;
Title 18, United States Code, Section 2)

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CHARGE FIFTY-FIVE

The Grand Jury further charges:

On or about the dates hereinafter set forth in Counts fifty through fifty-one, the defendants, JOHN DICCOLARDI, VINCENT LOIARDO, MASQUALE FUSCO, JAMES BURKE, MICHAEL HELLERMAN, and ROBERT FRANK unlawfully, wilfully and knowingly, directly and indirectly, made use of the mails and caused the mails to be used to sell a security, to wit, common stock of Imperial, through the use and medium of a prospectus and otherwise, in that said defendants did use the mail and cause the mails to be used to send from J.M. Kelsay & Co., 535 5th Avenue, New York, New York, to MICHAEL HELLERMAN, 50 Lenox Road, Rockville Centre, New York, confirmations covering sales of said security in the amounts hereinafter set forth, no registration statement as to said security being in effect with the Securities and Exchange Commission.

<u>COUNT</u>	<u>DATE</u>	<u>NUMBER OF SHARES</u>
50	11/24/69	2000
51	11/25/69	2000

(Title 15, United States Code, Sections 77e, 77x;
Title 18, United States Code, Section 2)

CHARGE FIFTY-TWO THROUGH FIFTY-FOUR

The Grand Jury further charges:

On or about the dates hereinafter set forth in Counts fifty-two through fifty-four, the defendants, JOHN BIGGARDI, VINCENT RICCIARDO, PASQUALE FUSCO, JAMES BURKE, MICHAEL HELLERMAN, and ROBERT FRANK unlawfully, wilfully and knowingly, directly and indirectly, made use of the mails and caused the mails to be used to sell a security, to wit, common stock of Imperial, through the use and medium of a prospectus and otherwise, in that said defendants did use the mails and cause the mails to be used to send from J.M. Kelsey & Co., 535 5th Avenue, New York, New York, to Jack Rosenberg, c/o H. Taylor, 103 Park Avenue, New York, New York, confirmations covering sales of said security in the amounts hereinafter set forth, so registration statement as to said security being in effect with the Securities and Exchange Commission.

<u>COUNT</u>	<u>DATE</u>	<u>NUMBER OF SHARES</u>
52	12/15/69	1500
53	12/16/69	1000
54	12/23/69	2000

(Title 18, United States Code, Sections 77e, 77k;
Title 18, United States Code, Section 2)

GRAND JURY CHARGES

The Grand Jury further charges:

On or about the dates hereinafter set forth in Counts fifty-five through fifty-six, the defendants, JOHN DISCHARDY, VINCENT LOMBARDO, PASQUALE FUSCO, JAMES BURKE, MICHAEL HELLMAN and ROBERT FRANK unlawfully, wilfully and knowingly, directly and indirectly, made use of the mails and caused the mails to be used to sell a security, to wit, common stock of Imperial, through the use and medium of a prospectus and otherwise, in that said defendants did use the mails and cause the mails to be used to send from J.M. Kelsey & Co., 535 5th Avenue, New York, New York, to Morris Stein, c/o H. Taylor, 103 Park Avenue, New York, New York, confirmations covering sales of said security in the amounts hereinafter set forth, no registration statement as to said security being in effect with the Securities and Exchange Commission.

<u>COUNT</u>	<u>DATE</u>	<u>NUMBER OF SHARES</u>
55	12/18/69	2000
56	12/22/69	3000

(Title 15, United States Code, Sections 77e, 77x;
Title 18, United States Code, Section 2)

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547COMES FIFTY-SEVEN THROUGH SEVENTY-TWO

The Grand Jury further charges:

1. From on or about the dates hereinafter set forth in Counts fifty-seven through seventy-two, in the Southern District of New York, the defendants, JOHN DISSURBI, CARMELO TRANZIELI, VINCENT ALOI, VINCENT CUGLIARO, PHILIP BONODONO, MICHAEL HELLERMAN, MURRAY TAYLOR, ROBERT FRANK, FRED GOODMAN, RONALD ALBERT, BERKARD WEISS, and EMMET LANE, unlawfully, wilfully and knowingly did devise and intend to devise a scheme and artifice to defraud banks, brokerage houses and purchasers of common stock of Imperial and to obtain money and property from said persons by means of false and fraudulent pretences, representations and promises and for the purpose of executing said scheme and artifice to defraud and attempting so to do, did place and cause to be placed in post offices and authorized depositories for mail matter, and did cause to be delivered by mail according to the directions thereon certain matter to be sent and delivered by the Post Office Department.

2. The allegations contained in paragraph 8 of Count one of this indictment are repeated and recall as though fully set forth herein as constituting and describing the means by which the defendants committed the offense charged in paragraph 1 of Comes fifty-seven through seventy-two.

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3. On or about the dates hereinafter set forth in Counts fifty-seven through seventy-two in the Southern District of New York, the defendants, JOHN DIOSUARDI, CARMIINE TRANUNTI, VINCENT ALOI, VINCENT GUOLLARO, PHILIP BONODONO, MICHAEL KELLERMAN, MURRAY TAYLOR, ROBERT FRANK, FRED GOODMAN, RONALD ALPERT, BERNARD WEISS, and IRWIN LAYNE unlawfully, wilfully and knowingly did cause to be delivered by mail, according to the direction thereon, to the persons hereinafter set forth, the matter hereinafter set forth:

<u>COUNT</u>	<u>DATE</u>	<u>ADDRESSEE</u>	<u>MATTER</u>
57	12/2/69	Ronald Alpert 16 Canterbury Rd. Great Neck, N.Y.	Confirmations for 3000 shares of Imperial stock.
58	12/4/69	Ronald Alpert 16 Canterbury Rd. Great Neck, N.Y.	Confirmations for 2000 shares of Imperial Stock.
59	12/15/69	Bernard Weiss 1175 E. 59th St. Brooklyn, N.Y.	Confirmations for 3700 shares of Imperial stock.
60	12/16/69	Bernard Weiss 1175 E. 59th St. Brooklyn, N.Y.	Confirmations for 2000 shares of Imperial stock.
61	12/18/69	Bernard Weiss 1175 E. 59th St. Brooklyn, N.Y.	Confirmations for 600 shares of Imperial stock.
62	12/18/69	Ronald Alpert 16 Canterbury Rd. Great Neck, N.Y.	Confirmations for 1500 shares of Imperial stock.
63	12/18/69	Steve Toback 1024 Banner Ave. Brooklyn, N.Y.	Confirmations for 4000 shares of Imperial stock.

EXHIBIT
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CONF#	DATE	ADDRESS	MATTER
64	12/19/69	Steve Toback 1024 Banner Ave Brooklyn, New York	A confirmation for 2000 shares of Imperial stock
65	12/22/69	Bernard Weiss 1175 E. 59th St. Brooklyn, New York	A confirmation for 1000 shares of Imperial stock
66	12/22/69	Stanley S. Lane 103 Park Avenue New York, N.Y.	Confirmations for 1000 shares of Imperial stock
67	12/22/69	Steve Toback 1024 Banner Ave Brooklyn, N.Y.	Confirmations for 2000 shares of Imperial stock
68	12/23/69	Bernard Weiss 1175 E. 59th Street Brooklyn, New York	Confirmations for 2000 shares of Imperial stock
69	12/23/69	Stanley S. Lane 103 Park Avenue New York, New York	Confirmations for 2000 shares of Imperial stock
70	12/24/69	Murray H. Taylor 103 Park Ave New York, New York	Confirmations for 10,000 shares of Imperial stock
71	12/26/69	Stanley S. Lane 103 Park Avenue New York, N.Y.	Confirmations for 1000 shares of Imperial stock
72	12/26/69	Murray H. Taylor 103 Park Ave New York, NY 10017,	Confirmations for 10,000 shares of Imperial stock

(Title 18, United States Code, Sections 1341 and
2.)

Foreman

WILLIAM MORRIS BERNARD, JR.
United States Attorney

in Small Leverage

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

- - -

MICHAEL HELLMAN,

Defendant.

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INFORMATION

72 Cr. 1286

The United States Attorney charges:

1. From on or about the first day of June, 1970 up to and including the date of the filing of this information, in the Southern District of New York, MICHAEL HELLMAN, the defendant, unlawfully, wilfully and knowingly, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails, did use and employ in connection with the purchase and sale of securities, to wit, common stock of At-Your-Service Leasing Corp. (hereafter AISL), manipulative and deceptive devices and contrivances in contravention of Rule 10b-5 (17 CFR Section 240.10b-5) of the rules and regulations of the United States Securities and Exchange Commission.

2. From on or about June, 1970 through August, 1970, in the Southern District of New York, the defendant, MICHAEL HELLMAN unlawfully, wilfully and knowingly did use and cause to be used means and instrumentalities of interstate commerce and the mails pursuant to and in furtherance of the scheme alleged in Paragraph One of this count by sending and causing to be sent to various persons

confirmations of purchases of AIA stock ostensibly made
by said persons on July 7, 1970.

(Title 15, United States Code, Sections 70j(b)
and 7055; Title 18, United States Code,
Section 2.)

WILLIAM H. BROWN, JR.
United States Attorney

notice that a
copy, was this day
within entitled action,
Clerk of this Court.

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, etc.,

United States Attorney
Attorney for

Attorney for

United States District Court

SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

-v-

NICHAEI BELLEMAN,

Defendant.

INFORMATION
72 Cr.

that the within
r settlement and sig-
ble
Judge, at the office of
United States Court-
Borough of Manhattan,
the day of ,
clock in the noon
as counsel can be heard.

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, etc.,

United States Attorney
Attorney for

Attorney for

CHURLEY NORTH SEYMOUR, Jr.
United States Attorney
264-8403
Attorney for U.S.A.
Due service of a copy of the within is here-
by admitted.

New York, , 19

Attorney for

To

Attorney for

FPI-SS -2-22-71-5024-7015

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NATCO

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,

SAMUEL BAIGIANO,
MICHAEL HILLMAN,
AL RISCO, a/k/a Tony the Indian
STEVEN M. SCHUSTER and
ANTHONY SOLDANO,

Defendants.

INDICTED

72 Cr. ____

The Grand Jury charges:

1. From on or about August 1, 1970 and continuously thereafter, up to and including the filing of this indictment, in the Southern District of New York and elsewhere, SAMUEL BAIGIANO, MICHAEL HILLMAN, AL RISCO, a/k/a Tony the Indian, STEVEN M. SCHUSTER and ANTHONY SOLDANO, named as defendants herein, and Nathan Cohen and Ira Schiller, named herein as co-conspirators but not defendants, and other persons to the Grand Jury known and unknown, unlawfully, willfully and knowingly did combine, conspire, confederate and agree together and with each other to violate Title 18, United States Code, Sections 1962(b) and (c).

2. It was part of said conspiracy that the defendants and their co-conspirators would, through a pattern of racketeering activity, acquire and maintain, directly and indirectly, an interest in and control of two corporations, Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc., which were enterprises engaged in, and the activities of which affected, interstate commerce.

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3. It was a further part of said conspiracy that the defendants and their co-conspirators, while employed by and associated with the two corporations, Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc., which were enterprises engaged in, and the activities of which affected, interstate commerce, would conduct and participate, directly and indirectly, in the conduct of said corporations' affairs through a pattern of racketeering activity.

4. The racketeering activity referred to in paragraphs 2 and 3 above includes the following:

a. The defendants AL RABCO, a/k/a Tony the Indian, ARMANDO SOLIMANO and SAMUEL TALBOTINO would unlawfully, wilfully, and knowingly participate in the use of extortionate means, to wit, the use and an express and implicit threat of use, of violence and other criminal means to cause harm to the person, reputation, and property of persons, including defendant STEPHEN M. SCHUSTER and co-conspirator Nathan Cohen, to collect and attempt to collect extensions of credit and to punish persons for the non-repayment of extensions of credit.

b. The defendants and their co-conspirators, individually and as officers and agents of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc., in contemplation of bankruptcy proceedings by and against said corporations, and with intent to defeat the bankruptcy law, unlawfully, wilfully, knowingly, and fraudulently would transfer and conceal and cause to be transferred and concealed property of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc.

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c. The defendants and their co-conspirators, unlawfully, wilfully and knowingly would transport in interstate commerce money and securities, of the value of \$5,000 or more, knowing the same to have been stolen, converted and taken by fraud from Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc.

d. The defendants and their co-conspirators unlawfully, wilfully and knowingly would devise a scheme and artifice to defraud the creditors of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc., and for the purpose of executing such scheme and artifice would place in a post office and authorized depository for mail matter, matter to be sent and delivered by the Post Office Department and would take and would receive from the Post Office Department mail matter, and would cause mail matter to be delivered by mail according to the directions thereon.

e. The defendants and their co-conspirators unlawfully, wilfully and knowingly would devise a scheme and artifice to defraud the creditors of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc. and would transmit and cause to be transmitted by means of wire, telephone conversations and other signs, signals and sounds in interstate commerce for the purpose of executing such scheme and artifice.

5. Among the means by which the defendants would and did carry on said conspiracy, were the following:

a. The defendants and their co-conspirators would and did acquire and maintain, directly and indirectly, an interest in and control of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc.

b. The defendants and their co-conspirators would and did cause Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc. to purchase on credit large quantities of merchandise that the defendants then caused the said corporations to resell for cash or prompt payment.

c. The defendants and their co-conspirators would and did cause Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc. to fail to pay their suppliers from whom merchandise was being purchased on credit.

d. By causing Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc. to purchase large quantities of merchandise on credit and not pay their creditors, and then resell the merchandise for cash or prompt payment, the defendants and their co-conspirators would and did cause Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc. to accumulate large amounts of cash.

e. The defendants and their co-conspirators would and did steal, convert and take by fraud large amounts of money and securities from Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc.

f. The defendants SAMUEL FALGIANO, AL RIZZO, a/k/a Tony the Indian, and STEPHEN H. SCHUSTER would and did travel from New York to Las Vegas, Nevada with cash and checks that had been stolen, converted and taken by fraud from Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc.

g. The defendants SAMUEL FALGIANO and STEPHEN H. SCHUSTER would and did travel from New York to Miami, Florida with cash and checks that had been stolen, converted and taken by fraud from Mateo Beauty Supply Center, Inc. and Merchandise Plus, Inc.

to Cash.

h. The defendants would and did cause checks of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc. to be drawn payable to defendant STEPHEN H. SCHUSTIK. The defendants would and did agree that these checks were to be deposited with gambling casinos in Las Vegas, Nevada and the Arizona Islands, that the defendants would gamble in casinos using chips which represented credits so established and after sustaining nominal losses or gains would turn in the remaining chips to the casinos for cash, thereby converting the checks representing funds taken from Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc. into cash. If questioned as to what happened to the assets of Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc. the defendants would and did agree that they would claim that the money had been lost gambling and would produce the cancelled checks deposited with the casinos as proof.

i. The defendants AL RIZZO, a/k/a Tony the Indian and ANTHONY SOLEMANO extended credit, some of which was used in connection with the business of Natco Beauty Supply Center, Inc., and Merchandise Plus, Inc., and together with defendant SAMUEL PALGIANO they used express and implicit threats of violence to cause harm to the persons and property of defendant STEPHEN H. SCHUSTIK and co-conspirator Nathan Cohen to collect from Natco Beauty Supply Center, Inc. and Merchandise Plus, Inc. interest and principal on the said extensions of credit, and to insure the continued participation of SCHUSTIK and Cohen in the conspiracy.

(Title 18, United States Code, Section 1562.)

Page 3

CHARGE

The Grand Jury further charges:

1. On or about January 26, 1970, an involuntary petition in bankruptcy was filed against Hanco Beauty Supply Center, Inc. in the United States District Court for the Eastern District of New York.
2. On or about February 16, 1971, Hanco Beauty Supply Center, Inc. was adjudicated a bankrupt.
3. On or about March 16, 1971, Jacob H. Goldson was elected Trustee in Bankruptcy for Hanco Beauty Supply Center, Inc.
4. From on or about August 1, 1970 and continuously thereafter up to and including the filing of this indictment, in the Southern District of New York and elsewhere, the defendants, SAMUEL FALZANO, MICHAEL HELLMUTH, AL RIEZO, a/k/a Tony the Indian, STEPHEN M. SCHROTH and ALBERT SOLER, individually and as agents and officers of the aforesaid bankrupt, in contemplation of a bankruptcy proceeding by and against the aforesaid bankrupt, and with intent to defeat the bankruptcy law, unlawfully, wilfully, knowingly and fraudulently did transfer and conceal and cause to be transferred and concealed property of the aforesaid bankrupt, to wit, cash and checks.

(Title 18, United States Code, Sections 152 and 2.)

REPORT

CHARGE

The Grand Jury further charges:

1. On or about March 2, 1971, an involuntary petition in bankruptcy was filed against the defendant, Inc. in the United States District Court for the Southern District of New York.
2. On or about April 9, 1971, the defendant, Inc. was adjudicated a bankrupt.
3. From on or about August 1, 1970, and continuously thereafter up to and including the filing of this indictment, in the Southern District of New York and elsewhere, the defendants SAMUEL FALCIANO, MICHAEL GOODMAN, AL BISCO, a/k/a Tony the Indian, STEPHEN H. SCHWARTZ and ANTHONY GOLDMAN, individually and as agents and officers of the aforesaid bankrupt, in contemplation of a bankruptcy proceeding by and against the aforesaid bankrupt, and with intent to defeat the bankruptcy law, unlawfully, willfully, knowingly and fraudulently did transfer and conceal and cause to be transferred and concealed property of the aforesaid bankrupt, to wit, cash and checks.

(Title 18, United States Code, Sections 132 and 2.)

CHARGE FOUR THROUGH SEVEN

The Grand Jury further charges:

1. From on or about August 1, 1970, up to and including the filing of this indictment, in the Southern District of New York and elsewhere, the defendants SAMUEL FALCIANO, MICHAEL GOODMAN, AL BISCO, a/k/a Tony the Indian, STEPHEN H. SCHWARTZ and ANTHONY GOLDMAN, individually, willfully and knowingly did devise and intend to devise a scheme and artifice to defraud the creditors of Union Supply Center, Inc. and for obtaining money and property from said

INCIDENT

representations and promises.

2. The allegations contained in paragraph 1 of Count one of this indictment are repeated herein and are though fully set forth herein as constituting the means by which defendants caused the victims to be charged in counts four through eleven.

3. On or about the dates hereinafter set forth the defendants caused to be placed in a post office and authorized depository for mail matter the matters hereinafter described to be sent and delivered by the Post Office Department to the addressees hereinafter set forth:

Count	Date	Addressee	Manner
4	12/10/70	Colgate-Palmolive Company P.O. Box 5120 Church St. Station New York, N.Y. 10103 Attn: Credit Manager	Letter
5	12/10/70	Vanita Products, Inc. 120 East 15th Street New York, N.Y. 10003 Attn: Credit Manager	Letter
6	12/10/70	Conde Chemical, Inc. 100 Hamarwood / Avenue White Plains, N.Y. 10601 Attn: Credit Manager	Letter
7	12/10/70	Fattal Truckers Corp. 805 So. College Avenue Mount Vernon, N.Y. 10550 Attn: Credit Manager	Letter

Serial	Date	Reference	Letter
8	10/10/70	Graduate Bureau of Collections 31 W. 11th St. New York, N.Y. 10011 Attn: Mr. H. Evans	Letter
9	10/10/70	Armed and Dangerous 100 W. 11th St. New York, N.Y.	Letter
10	10/10/70	Mac-Tone Products Corp. 45 West 11th Street New York, N.Y. Attn: Charles Manager	Letter
11	10/10/70	G & H Jewelry Company 2170 Broadway New York, N.Y. 10011 Attn: Charles Manager	Letter

(Title 18, United States Code, Sections 1341
and 2.)

Forrester

WILLIAM LORAN JENNINGS, JR.
United States Attorney

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF COLUMBIA
THE UNITED STATES OF AMERICA

SHIRLEY TALCHER, MICHAEL HALLAMIAN,
AL BIRCH, a/k/a Tony the Indian
STANLEY E. BLOOMER and
ANTHONY BLOOMER,

Defendants.

INDICTMENT

WILLIAM HENRY CHAMBERLAIN, JR.
United States Attorney.

A TRUE BILL

Foreman.

FPI-83-1-13-70-20M-4925

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

INDICTMENT

- v -

71 Cr. 558

ANTHONY SOLDANO, JOHN DIORGINDI,
GARY FREDERICKS, MICHAEL HELLERMAN,
MICHAEL CARICATO, FRED GOODMAN,
RICHARD GREENBERG, LOUIS OSTNER,
and MORRIS WINTER,

Defendants.

The Grand Jury charges:

1. From on or about the 1st day of October, 1960 and continuously thereafter up to and including the date of the filing of this indictment, in the Southern District of New York and elsewhere, ANTHONY SOLDANO, JOHN DIORGINDI, GARY FREDERICKS, MICHAEL HELLERMAN, MICHAEL CARICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTNER and MORRIS WINTER, the defendants herein, and Anthony Di Lorenzo, George A. Drykerman, Steven Schoengold, John M. Kelsey, Murray Levine, Edward N. Palermo, Matthew Russo, Bruce Halpern, Harvey Bertram Polink, William Kilroy, and Walter Tepper, named herein as co-conspirators but not as defendants, unlawfully, wilfully and knowingly did combine, conspire, confederate and agree together and with each other and with other persons to the Grand Jury known and unknown to commit certain offenses against the United States, to wit, violations of Sections 771(a), 772, 773(b), 774 of Title 18, United States Code and Sections 1341 and 1343 of Title 18, United States Code.

2. It was part of said conspiracy that the defendants and co-conspirators unlawfully, wilfully and knowingly in the offer and sale of securities, to wit, common stock of Belmont Franchising Corporation (hereinafter Belmont) by the use of means and instruments of transportation and communications in interstate commerce and by the use of the mails, would directly and indirectly (a) employ devices, schemes and artifices to defraud; (b) obtain money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engage in transactions, practices and courses of business which operated and would operate as a fraud and deceit upon the purchasers of the common stock of Belmont and upon any and all persons to whom the said defendants and co-conspirators, directly and indirectly, would attempt to sell the aforementioned securities.

3. It was further a part of said conspiracy that the defendants and co-conspirators, having devised and having intended to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, unlawfully, wilfully and knowingly, and for the purpose of executing said scheme and artifice and attempting so to do, would place and cause to be placed in post offices and authorized depositories for mail matter, and would cause to be delivered by mail according to the direction thereon, certain matter to be sent and delivered by the Post Office Department.

4. It was further a part of said conspiracy that the defendants and co-conspirators, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, unlawfully, wilfully and knowingly, would transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce, writings, signs, signals, and sounds for the purpose of executing said scheme and artifice.

5. It was further a part of said conspiracy that the defendants and their co-conspirators in connection with the purchase and sale of securities, to wit, common stock of Belmont, would directly and indirectly, use means and instrumentalities of interstate commerce and the mails to use and employ manipulative and deceptive devices and contrivances in contravention of Rule 10b-5 [17 CFR Section 240.10b-5] of the rules and regulations of the United States Securities and Exchange Commission.

6. Among the means by which the defendants and co-conspirators would and did carry out the said conspiracy were the following:

(a) Defendants ANTHONY SOLDANO and FRED GOODMAN would and did agree to purchase all of the outstanding shares of Belmont (approximately 23,000 shares) at approximately \$5 per share.

(b) Defendants ANTHONY SOLDANO and FRED GOODMAN would and did agree to establish and maintain an artificial price for Belmont stock and manipulate the price of said stock from approximately five dollars per share to fifteen dollars per share.

(c) Defendants ANTHONY SOLDANO and FRED GOODMAN would and did cause various brokerage firms to enter the "pink sheets" of the National Daily Quotation Service to establish and maintain an artificial price for and to convey the false and misleading impression that there was an active market in Belmont stock for the purpose of inducing the purchase of Belmont stock by others.

(d) Defendant RICHARD GREENBERG would and did agree to assist defendants ANTHONY SOLDANO and FRED GOODMAN; and would and did cause Lincoln Securities to enter the "pink sheets" of the National Daily Quotation Service to establish and maintain an artificial price for and to convey the false and misleading impression that there was an active market in Belmont stock for the purpose of inducing the purchase of Belmont stock by others.

(e) Defendants ANTHONY SOLDANO, MICHAEL HELLERMAN and FRED GOODMAN would and did agree that HELLERMAN would purchase all of the Belmont stock from SOLDANO and GOODMAN at approximately fifteen dollars per share and that SOLDANO and GOODMAN would sell Belmont through the over-the-counter securities market.

(f) Defendants ANTHONY SOLDANO and MICHAEL HELLERMAN would and did cause various members of the public to purchase and order substantial quantities of Belmont stock to establish and maintain an artificial price for and to convey the false and misleading impression that there was an active market in Belmont stock.

(g) Defendants JOHN DICICHAIO and MICHAEL HELLERMAN would and did agree to split profits derived as a result of the sales by defendant MICHAEL HELLERMAN of Belmont stock at the artificially and manipulatively maintained price.

(h) Defendants MICHAEL HELLERMAN and LOUIS OSTREER would and did agree that OSTREER and his associates would purchase substantial quantities of Belmont to establish and maintain an artificial price for and to convey the false and misleading impression that there was an active market in Belmont stock for the purpose of inducing the purchase of Belmont stock by others.

(i) Defendant MICHAEL HELLERMAN and co-conspirator Matthew Russo caused defendant GARY FREDERICKS, a trader at Barad-Shaff Securities Corp., to enter the "pink sheets" to establish and maintain an artificially high price for Belmont stock.

(j) Defendants GARY FREDERICKS and RICHARD GREENBERG would and did take directions from co-conspirator Matthew Russo and others as to when, where and at what price to buy and sell Belmont stock.

(k) Defendants ANTHONY SOLDANO, JOHN DICICHAIO, GARY FREDERICKS, MICHAEL HELLERMAN, MICHAEL CARICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTREER, and MORRIS WINTER would and did agree to create the false and misleading impression that there was an active market in Belmont stock for the purpose of causing the price of said stock to rise.

(l) Defendants MICHAEL HELLENMAN and MORRIS WINTER would and did arrange to spin up accounts at R. J. Crol & Co., Inc. and Russell C. Saxe, brokerage firms, in nominee names and purchase and sell stock to create the false and misleading impression that there was an active market in Belmont stock for the purpose of causing the price of said stock to rise and be maintained at artificially high prices.

(m) Defendants ANTHONY SOLDANO, JOHN DICGUARDI, GARY FREDERICKS, MICHAEL HELLENMAN, MICHAEL CARICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTRER and MORRIS WINTER would and did cause the price of Belmont to rise to the artificially high level of \$42 per share.

(n) Defendant JOHN DICGUARDI, would and did call and hold meetings to resolve disputes between the defendants and co-conspirators and to decide upon the distribution of the proceeds.

OVERT ACTS

In furtherance of said conspiracy and to effect the objects thereof, the defendants did commit the following overt acts in the Southern District of New York:

1. In or about January or February, 1970 defendant LOUIS OSTRER was at 39 Debrosees Street, New York, New York.
2. In or about February, 1970 defendant FRED GOODMAN was at 103 Park Avenue, New York, New York.
3. In or about February, 1970 defendant ANTHONY SOLDANO was at 103 Park Avenue, New York, New York.

4. In or about March, 1970 defendant FRED COOPERMAN was at 103 Park Avenue, New York, New York.

5. In or about March, 1970 defendant ANTHONY SOLDANO was at 103 Park Avenue, New York, New York.

6. On or about May 1, 1970 defendant MORRIS WINTER made a telephone call to Linden, New Jersey.

7. On or about May 8, 1970 defendant MICHAEL HELLERMAN was at 266 West 47th Street, New York, New York.

8. On or about May 8, 1970 defendant GARY FREDERICKS was at 266 West 47th Street, New York, New York.

9. On or about May 18, 1970 defendant MICHAEL HELLERMAN was at 31 East 20th Street, New York, New York.

10. On or about May 18, 1970 defendant RICHARD GREENBERG was at 31 East 20th Street, New York, New York.

11. On or about May 18, 1970 defendant MICHAEL CARICATO was at 31 East 20th Street, New York, New York.

12. In or about May, 1970 defendant JOHN DICGUARDI was at 260 Fifth Avenue, New York, New York.

(Title 18, United States Code, Section 371)

COLLECTED MATERIAL (17a)

The Grand Jury further charges:

1. From and about the first day of October, 1969, up to and including the date of the filing of this indictment, in the Southern District of New York, the defendants ANTHONY SOLDANO, JOHN DIQUARDI, GARY FREDERICKS, MICHAEL HELLERMAN, MICHAEL CONICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTRA and MORRIS WINTER unlawfully, wilfully and knowingly in the offer and sale of securities, to wit, common stock of Belmont Franchising Corporation, by the use of means and instruments of transportation and communications in interstate commerce and by use of the mails (a) did employ devices, schemes and artifices to defraud; (b) did obtain money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made in the light of the circumstances under which they were made, not misleading; and (c) did engage in transactions, practices and courses of business which would operate and did operate as a fraud and deceit upon purchasers of said securities and other persons whom the said defendants, directly and indirectly, attempted to induce to purchase said securities.

2. The allegations contained in paragraph Six of Count One of this indictment are repeated and re-alleged as though fully set forth herein as constituting and describing some of the means by which the defendants committed the offense charged in Paragraph One of these counts.

3. On or about the dates hereinafter set forth in Counts Two through Ten, in the Southern District of New York, the defendants, ANTHONY SOLDANO, JOHN DIQUARDI, GARY

1. BELMONT, ROBERT, JAMES, JR., MICHAEL, GEORGE, FRED, CLARENCE,
 HAROLD, OSCAR, EDWARD, LOUIS, JAMES, and FORTUNO WINTER, individually,
 willfully and knowingly did cause to be delivered by mail, ac-
 cording to the direction thereon, to the persons hereinafter
 set forth, the matters hereinafter set forth:

<u>CONF.</u>	<u>DATE</u>	<u>ADDRESS</u>	<u>MATTER</u>
2	1-23-70	George Deplumet 173 Riverside Dr. New York, N. Y.	A confirmation for sale of 2000 shares of Belmont stock.
3	2-27-70	Dr. Raya Adias 622 West End Avenue New York, New York	A confirmation for sale of 2000 shares of Belmont stock.
4	3-4-70	Asher Wilcher 5120 Lynscliffe Montreal, Quebec, Canada.	Confirmations for sale of 12,500 shares of Belmont stock.
5	3-5-70	Vito Soleno 6405 20th Avenue Brooklyn, New York	A confirmation for sale of 200 shares of Belmont stock.
6	3-5-70	L. & T. Fromm 365 First Avenue New York, New York	A confirmation for sale of 300 shares of Belmont stock.
7	3-26-70	Dina Gelman c/o International Fashions 377 Fifth Avenue New York, New York	A confirmation for sale of 1800 shares of Belmont stock.
8	4-10-70	Joel Goldfarb 42 Willowbrook Lane Freeport, New York	A confirmation for sale of 200 shares of Belmont stock.
9	4-16-70	Mark Kleinman c/o Morris Winter 217 Broadway New York, New York	A confirmation for sale of 500 shares of Belmont stock.
10	5-4-70	Walter Bodenschein 260 Fifth Avenue New York, New York	A confirmation for sale of 300 shares of Belmont stock.

(Title 15, United States Code, Section 77q(a) and 77x,
 and Title 18, United States Code, Section 2)

~~CONFIDENTIAL - SECURITY INFORMATION~~

1. From on or about the first day of October, 1969 up to and including the date of the filing of this indictment, in the Southern District of New York, the defendants, ANTHONY SOLDANO, JOHN BIOGUARDI, GARY FREDERICKS, MICHAEL HELLERMAN, MICHAEL CARICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTNER and MORRIS WINTER, unlawfully, wilfully and knowingly did, directly and indirectly, by use of means and instrumentalities of interstate commerce and the mails, use and employ in connection with the purchase and sale of securities, to wit, common stock of Belmont, manipulative and deceptive devices and contrivances in contravention of Rule 10b-5 (17 CFR Section 240.10b-5) of the rules and regulations of the United States Securities and Exchange Commission.

2. The allegations contained in Paragraph Six of Count One of this indictment are repeated and realleged as though fully set forth herein, as constituting and describing some of the means by which said defendants committed the offense charged in Paragraph One of these counts.

3. On or about the dates hereinafter set forth in Counts Eleven through Twenty-Three, in the Southern District of New York, the defendants, ANTHONY SOLDANO, JOHN BIOGUARDI, GARY FREDERICKS, MICHAEL HELLERMAN, MICHAEL CARICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTNER and MORRIS WINTER, unlawfully, wilfully and knowingly did use and cause to be used means and instrumentalities of interstate commerce and the mails pursuant to and in furtherance of the scheme alleged in Paragraph One of these counts, by sending and causing to

be sent to the person and address hereinafter set forth,
the latter hereinafter set forth:

<u>CONF</u>	<u>DATE</u>	<u>ADDRESS</u>	<u>MATTER</u>
11	2/27/70	Lillian Wilchinsky 861 Central Parkway Schuettady, N.Y.	A confirmation for purchase of 2500 shares of Belmont stock.
12	3/4/70	L. & T Fromm 865 1st Ave. New York, NY	A confirmation for purchase of 300 shares of Belmont stock.
13	3/6/70	Fred Goodman 230 E. 15th St New York, NY	A confirmation for purchase of 700 shares of Belmont stock.
14	3/9/70	Steven Droure 74 Salem Road Rockville Centre, NY	A confirmation for purchase of 400 shares of Belmont stock.
15	3/9/70	Taff Foods, Inc 99 Park Ave New York, N.Y.	A confirmation for purchase of 1000 shares of Belmont stock.
16	3/10/70	Louis Ostrer 377 Fifth Ave New York, NY	A confirmation for purchase of 2000 shares of Belmont stock.
17	3/11/70	Louis Ostrer 181 Kings Point Road Kings Point, NY	A confirmation for purchase of 3500 shares of Belmont stock.
18	3/13/70	Mark Kleinman c/o Morris Winter, Esq. 217 Broadway New York, NY	Confirmations for purchase of 500 shares of Belmont stock.
19	3/31/70	Joel Goldfarb 42 Willowbrook Lane Freeport, N.Y.	A confirmation for purchase of 1000 shares of Belmont stock.
20	4/22/70	N. Scott Elieson 30 North Broadway White Plains, NY	A confirmation for purchase of 1000 shares of Belmont stock.

<u>QNTY</u>	<u>DATE</u>	<u>ADDRESS</u>	<u>MATTER</u>
21	4/23/70	N. Scott Ellison 30 North Broadway White Plains, NY	A confirmation for purchase of 1000 shares of Belmont stock.
22	4/27/70	Murray Passman 313 W. 37th St. New York, N.Y.	A confirmation for purchase of 500 shares of Belmont stock.
23	5/11/70	Julius Rosenblum c/o Aileen Inc. 331 East 38th St New York, N.Y.	Confirmations for purchase of 500 shares of Belmont stock.

(Title 15, United States Code, Sections 78j(b)
and 78ff; Title 18, United States Code, Section 2)

RG-1184
10-1247COUNTS TWENTY FOUR THROUGH FORTY

The Grand Jury further charges:

1. From on or about the dates hereinafter set forth in Counts Twenty Four through Forty, in the Southern District of New York, the defendants, ANTHONY SOLDANO, JOHN DIQUARDI, CARY FREDERICKS, MICHAEL HELLMERMAN, MICHAEL CANICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTRER, and MORRIS WINTER, unlawfully, wilfully and knowingly did devise and intend to devise a scheme and artifice to defraud brokerage houses, purchasers of the common stock of Belmont and others to obtain money and property from said persons by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing said scheme and artifice to defraud and attempting so to do, did place and cause to be placed in post offices and authorized depositories for mail matter, and did cause to be delivered by mail according to the directions thereon certain matter to be sent and delivered by the Post Office Department.

2. The allegations contained in Paragraph Six of Count One of this indictment are repeated and realleged as though fully set forth herein as constituting and describing some of the means by which the defendants committed the offense charged in paragraph 1 of Counts Twenty Four through Forty.

3. On or about the dates hereinafter set forth in Counts Twenty Four through Forty, in the Southern District of New York, the defendants, ANTHONY SOLDANO, JOHN DIQUARDI,

GARY FREDERICKS, MICHAEL HELLERMAN, MICHAEL CARICATO, FRED GOODMAN, RICHARD GREENBERG, LOUIS OSTRER, and MORRIS WINTER, unlawfully, wilfully and knowingly did cause to be delivered by mail, according to the direction thereon, to the persons hereinafter set forth, the matter hereinafter set forth:

COUNT	DATE	ADDRESSEE	MATTER
24	1/22/70	EMA Associates 15 Martins Lane Lawrence, N.Y.	A confirmation for purchase of 1000 shares of Belmont stock.
25	1/23/70	George Drykerman 173 Riverside Drive New York, N.Y.	A confirmation for sale of 2000 shares of Belmont stock.
26	3/4/70	Vito Soleno 6405 20th Ave. Brooklyn, N.Y.	A confirmation for purchase of 200 shares of Belmont stock.
27	3/5/70	Vito Soleno 6405 20th Ave. Brooklyn, N.Y.	A confirmation for sale of 200 shares of Belmont stock.
28	3/6/70	Fred Goodman 230 E. 15 St. New York, N.Y.	A confirmation for purchase of 700 shares of Belmont stock.
29	3/9/70	Steven Drourr 74 Salem Road Rockville Centre, NY	A confirmation for purchase of 400 shares of Belmont stock.
30	3/9/70	Vito Soleno 6405 20th Ave. Brooklyn, N.Y.	Confirmations for sale of 2500 shares of Belmont stock.
31	3/10/70	Louis Ostrer 377 5th Ave. New York, N.Y.	A confirmation for purchase of 2000 shares of Belmont stock.
32	3/11/70	Fred Goodman 230 E. 15 St. New York, N.Y.	A confirmation for sale of 700 shares of Belmont stock.
33	3/11/70	Louis Ostrer 181 Kings Point Rd. Kings Point, N.Y.	A confirmation for purchase of 3500 shares of Belmont stock.
34	3/31/70	Joel Goldfarb 42 Willowbrook Lane Freeport, N.Y.	A confirmation for purchase of 1000 shares of Belmont stock.
35	4/22/70	William Kilroy 377 5th Ave. New York, N.Y.	A confirmation for sale of 1000 shares of Belmont stock.

EXHIBIT	DATE	INTERVIEW	EXHIBIT
36	4/23/70	William Kiley 37. 526 Ave New York, NY	A confirmation for sale of 1000 shares of Belmont stock.
37	4/27/70	Taff Foods, Inc. c/o Fred Nathan 99 Park Ave. New York, NY	A confirmation for sale of 100 shares of Belmont stock.
38	5/1/70	Louis Rosenberg c/o Wantagh Kosher Caterers 1172 Wantagh Ave Wantagh, NY	Confirmations for purchase of 1000 shares of Belmont stock.
39	5/1/70	Martin Roth, Esq. 118-18 Queens Blvd Forest Hills, NY	A confirmation for sale of 1000 shares of Belmont stock.
40	5/4/70	Louis Rosenberg c/o Wantagh Kosher Caterers 1172 Wantagh Ave. Wantagh, NY	Confirmations for purchase of 1000 shares of Belmont stock.

(Title 18, United States Code, Sections 1341 and 2)

Foreman

WHITNEY NORTH SEYMOUR, Jr.
United States Attorney

Hollerran? Sammy was begging...please...don't hit me...don't hit me.' This big tough guy...don't hit me. Hickey had told Marty...Marty...you didn't see nothing...right? Now when it was all over, Sammy said...Can I got further with this...on another sitdown. Hickey said yeah...and Sammy went to Tony Vanilla?who was Sammy's guy. Tony Vanilla has since died.

Davie Bitola told Sammy not to come near me...that Johnny wanted no one near me. If he had a beef he was to come to him because he was taking care of me. Sammy came over to shake me down one morning. My wife was there...my secretary was there. I ran to Davie and told him what happened. MaI was fuckin hysterical...Sammy was gonna kill me...he was gonna shoot me with a gun in my house. That's why I didn't know who robbed me in my house...whether it was Sammy Feet or Julie Weintraub...I was never sure. Sammy had tried to scare me... get me that money...I don't want to know nothing...give me the money...Fuck them (the shylocks). Davie sent Joey Silvestri and Billy Cass?Gover to Sammy's man, Tony Vanilla. XxyTony said he didn't know what Sam was trying to do...he said he was gonna talk to mike. Davie said...I told you to keep him the fuck away from Mike. You want to go higher with this, we go higher. Cause if we're not gonna settle this honestly...I'm gonna be the winner and Sammy's gonna be the loser and he's gonna pay Tony Indian the \$25,000 shylock money and mike is gonna pay us. We had the original deal with us. He knew we had the deal because he was there when I gave Mike the \$25,000 for Tony Soldano. Where the fuck does he have the right to bring another shylock in when we were in the deal. Mike wouldn't know the difference between right and wrong in our language...he's just a kid,...but your man was there when I gave Mike the money. Mike had said he'd take care of Sammy out of his end...I couldn't say a word when mike said that...he can do what he wants from his end...maybe johnny okayed it, but Sammy brought another shylock in the deal knowing I'm in the deal ...he can pay Tony Indian.

Anyhow, the \$80,000 is in the Bahamas waiting to be picked up. I knew there would be a lot of trouble over it and I knew the beef would go on and on. Davie told me he was gonna get them out of it but he said I was not only responsible for the 25,000, but for 25 per cent of the profits. So I got panicky. Remembering Sammy beat me for the money in Vegas, I called up Bob Morvillo from the U.S. Attorney's office and told him: I gotta see you right away...

TURNING AS A WITNESS.

He brings two FBI agents with him and we meet in the RDrake Hotel, in a suite, and I told him the story..Now remember... when I went to the grand jury right before this, I hadn't talked This was during the Imperial investigation in 1970. I wouldn't talk then. Morvillo took me to his office then and said, Listen... all I want from you is to confirm what I already know...if its right or wrong. If you do that for me, you don't have to testify ...you can plead to 1 count...one two year count...and I won't investigate any other deal you did...you won't get indicted on

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any other stock deal you did...including the one you're doing now... and I did just started one called Globus...and he threw that one down in front of me. I don't even know how he knew about it. You don't have to tell me anything....I'll tell you and you just tell me if its right. He went through it and he knew the whole story and that was just what happened.

I was able to tell the wiseguys I wasn't testifying...and that all I had told Morvillo was my part in the deal and that I would not take the stand. Now 19 guys were indicted in that deal...Vincent Albi, Carmine Tramunti, Johnny Dio, John Savino, Patty Fusco, Jimmy Burke, Freddie Goodman, Murray Taylor (who became a govt witness) Bernie Weiss, Robbie Alper, Irwin Lane, Phil Bonadano, Vince Lombardi...Lombardi was hit for nothing. I'd told Morville that Lombardi had nothing to do with the deal. He didn't get a quarter from it. All he'd done was pick up Checco at the airport, brought him to the Hilton in Miami, and stopped Evans from getting beat up... when Evans got smacked...Vince hollered...cut it out. My father in law don't like that. He had nothing to do with the deal. But he let Lombardi plead to an unlawful violation where he couldn't go to jail. But the wiseguys figured he'd talked and they beat the hell out of him...put him in the hospital for six weeks. Savino's ~~xxxxxx~~ had a crew put him in the hospital for six weeks. This happened right before the Imperial trial...just after Vince had taken his pleas.

I had just had lunch one day with Savino during the trial and I said Gee, I just heard Vince got beat up. Savino snarled...he should have gotten fuckin killed. He's lucky he got away with that."

The only violence in the Imperial deal was Jerry Evans get smacked because he had the stocks with Sidney Stein. When I went up to the suite with the \$22,000 cash and he wouldn't talk at first. Jimmy Burke smacked him, Fusco kicked him and that was the end of that...he called Stein up and Stein called 1 Maxie Raymond and they went to the Fountainblue.

So Morvillo had the meeting with me and I told him the story. I told him they were gonna kill me, they were gonna kill Stevie Schustak...that this Sammy Feet was crazy. So Morville sent the FBI agents to the Savoy to eat dinner and told Stevie to go in there and act like a tough guy with Sammy Feet and try and get Sammy to smack him. Stevie walked in and Sammy said...where the fuck have you been. Stevie shouted back...I've been fuckin busy...stop pushin me around. Sammy couldn't believe it. He was a bully...but when he was pushed back he backed down. When Stevie did that, Sammy figured...he told me later after he got indicted...that Stevie was all shook up...he was talking too tough...so he didn't do nothing. He said, be here in the morning...we're going to the Bahamas to get the money. They went and by the time they got there the FBI had gotten there and tied it up. When Sammy got there he was told the FBI had it tied up and not to go near there. The tip came from a guy in the casino. He couldn't understand what happened.

I went to Davie and asked...Davie what happened? We all gonna get pinched? Dave said: Mike, you lost the fuckin shylock money...plus the profit. I'll do the best I can, I said. I begin making the rounds, making deals, borrowing money. I went on a cruise with Mary Ann...on the CE 7 the maiden voyage. I asked Davie and Joey to get me permission to go on the cruise. I was afraid Sammy Feet was gonna end up on the ship. He said...don't worry about it...he ain't going near you. I went on the cruise and when I came back the money was waiting for me to pay back sammy Feet...the \$80,000 was there. I gave Murray Winters the \$5,000 he earned for legal work...another lawyer \$5,000 for legal work...and the rest went to Tony Soldano.

END SIDE #1

BEGIN SIDE 2

Murray Winters knew where I was getting the money from... he knew the money was coming when I went on my cruise. He went to the wiseguys and to Johnny Dio in West street and he said I'm gonna ledd Michael the money to pay these guys back. I'm just putting it on record with you. Dio thanked him very much. Then he went to Davie and told him that he'd just came from Dio and that he was gonna get the money from a friend of his to lend me the money. All the time he knew where I was getting the money from (feds had released the money). When I came back he had taken \$40,000 to Davie. I got \$29,000 for myself. I went to the people that gave me the money and I said to them...I'll pay you back at the rate of \$5,000 a month because I still owe money to the shylocks and I've got to pay them back.

(get this sequence restraightened out)

GLOBUS

Another stock deal. This was a company where I'd met two guys...Andy Nelson and Jerry Miller, who was the secretary for a congressman (doesn't know which one)??? from Brooklyn. Nelson's wife worked for the SEC. I met them through the TDA deal. They had an underwriting coming out called Globus. It was an importing business. Actually what the business was never really interested me at this point. They also owned their own transfer company. Now when you bring out a new issue you have to give a list of the stockholders and prove that the stock is paid for and the transfer company issues the stock for those people. Well, they owned R&H Transfer Company in Washington, D.C. I said I've got a great deal. We'll do Globus now. Go back and type out stocks in these names. I gave them telephone directory names. I used to open up the telephone book and pick out names for certificates and make believe that we sold 100,000 shares and the company had the money. The truth is the company didn't have the money. I told them the stock came out at \$3. When I made the stock \$6-7 and we sold off the stock, we'd take and pay the company what it's supposed to get and we'd keep a \$400-\$500,000 profit without putting up a dime. They bought the idea and typed up the certificates

I said, when I testified in the Swoig case, I was told, by Whitney North Seymour, that I was being investigated by this office but that I shouldn't worry about it. Now of course, Mr. Seymour ~~wasn't~~...don't worry about it in case they cross examine me about it. But I said I took it that I wasn't going to be prosecuted for it.

Morvillo agreed not to put me before the jury, but you're coming down to my office to see me. I went to his office and he brought Seymour in and Sam Weissman was with him. Sam represented me at the time. He turned to Seymour and said: 'Michael says you promised you wouldn't prosecute him.' I thought I was getting nowhere. They were both steaming. Seymour said...I never told you that...I meant don't worry about it.' I was getting nowhere fast. Where do we go from here, I said. Come to my office...we went to Morvillo's office. That's when he told me that he would make a deal with me if I just confirmed what evidence he had and I committed no other crimes in the future. I made a verbal agreement with him. Now, I need a lawyer to make believe I was fighting the case. I had to get a lawyer to make the coverup look good. Morvillo was going to get me a lawyer but the lawyer was in Judge Botein's office and Botein represented Schweitzer. I was afraid it would leak that I was cooperating. I didn't want him. So Marty Ross came to me and said he knew Louis Nizer's stepson. He said...I'll take you to see Louis Nizer and we'll get him. Now I knew Broderick was with Nizer...so I asked Morvillo how Broderick was. Broderick said he was great...honest and a good attorney. So Roth took me to see Nizer and brings in Broderick and Bob Aaron?? the lawyer that represents Casius Clay. Nizer said he knew ~~that~~ I was being investigated by a lot of people. Maybe my good offices could stop those other investigations and indictments. Aaron looks at him and says: 'Mr. Nizer...they want him...he's a target...you can't stop nothing.' When it's all done they ask me to step out of the room. When I come back in 45 minutes...they said Michael, we'll take the case (I'd been indicted by then) under three conditions (it was a 72 count indictment). 1--no violence. I said...Mr. Nizer, I can't talk for Johnny Dio or Alois. I can only talk for myself and I'm not a violent person; 2--you gotta afford the time because you're gonna spend a lot of time with us...I'm gonna put 12-13 men on this case; 3--can you afford the retainer. I said my mother's not a poor person. I expected to be hit with a \$25,000 retainer. I said...how much is the retainer? He said...\$100,000. I almost fell off the chair. Marty Ross was there with me so I had to put on an act to give time for Morvillo to get back to Broderick to explain what had to be done. I shook hands with Nizer and said, 'Fine...I'll work it out. I called Morvillo and said: I gotta see you.' We met and I tell ~~us~~ him he's got to call Broderick...this is a fuckin' joke.

So I went to Florida ~~and~~ where I had an apartment at the Carriage House in Miami Beach and I get a call to call Broderick on his night line. He tells me to see him Monday. I fly to NY go to Nizer's office, meet Broderick and he has Tom Edwards there. Broderick had said they were bringing an outside lawyer

~~thru~~in to fight the case. Now my code name whenever I had to reach Morvillo, was 'Lenny Edwards.' I told Broderick the whole story. What are we gonna do? I said. He said, Michael...I would have done this for \$500 for Bob Morvillo. There's no work involved here. (Winters had already made motions for me). But you can't convince Nizer you didn't come here for yourself. I said, lets go tell Nizer the story. We went to tell Nizer the story. ~~Nizer~~I said...this has to be in the strictest confidence...I can get killed for this. We can't tell you son because your son might tell Marty Roth which he never ~~id~~. Nizer said: well, I'll cut it down to \$50,000.

Mearsh was embarrassed. Broderick had been handling some accounts for me and I'd send him checks from some of my friends and the checks were bouncing. To me its amazing that Broderick stuck with me. I was a thief...he knew I was... checks were bouncing on him but he stuck with me. Eventually I made good on all my debts with him. But it was a terrible, terrible situation. It looked like I was trying to beat Broderick when it truth it was my so called friends screwing me. "ell P.S. Vince worked it out where I didn't have to pay that money... but I was able to show an agreement to all the wise guys that I was paying \$100,000 to fight the case.

The trouble was that I had too much time on my hands. I went through money like water and I found myself back in deals ...automated information systems. But even before automated and I did several other deals. It was no longer just stock deals, it was bank fraud, check fraud...anything to lay my hands on some money. A lot of the deals co-mingled with each other.

I started to build the Carriage House, a restaurant on 38th St and 3rd Ave. I put \$50,000 into it with Murray Taylor while I was doing automated information systems. When I turned to make the deal with the government, the liquor license was turned down although it was in the name of Mary Ann's brother's name. I was cooperating with the FBI at this time. They told me they'd get me the liquor license if it was turned down. I told my lawyer, Frank Tasker to appeal it and I'd put up \$10,000 for the lease plus \$50,000 for renovating the restaurant. It was money I'd gotten from automated information. When I got through with the government, there was no sense fighting the appeal because I had to walk away from NY anyway...so I blew the \$60,000 in the carriage house and the owners took it back. I couldn't fight it and concentrate on it.

AUTOMATED DEAL.

Murray Levine, the stockbroker, came to Murray Taylor before I took the cruise to the Bahamas on the QE-2. He told me he had tried to do the automated deal with Ronnie Alpert and Bernie Weiss but they couldn't do the deal. I told them I could handle the deal but I had to have every single share stock...I had to have the whole box in the stock. The box lets you control every share so you can make the market whatever you

And it still isn't settled as I'm talking to you (March 1975). Joanie can corroborate my testimony against major organized crime people in the next four cases. The govt picked her up as a govt witness a year ago march. She saw me give Tripani interest money...she brought interest money to Tripani...she went to Brooklyn with Tripani and I when we went to see a guy to do an electronics deal. She knows about meetings with Tripani and Szklarski Schlacter? and Ivan and I. She knows Petola and she went to Italy with me when I went to see Petola... she knows Silvestri and all the guys in these stock cases. There isn't anything she doesn't know about those four deals. Whenever I went for a payoff or a collection she was with me.

She went to Italy with me when I went on vacation. I was looking for a place to live in Europe then so the mob couldn't find me. I told Joanie ~~xxl~~ I was going to Europe with my mother and my wife. Maryann and my mother left 10 days before I did because I was in the middle of a stock deal. When it came time for me to go, I had to get passport back from the judge yet, one of the deals had blown up and Vassalo and Tripani were putting a lot of pressure on me. Joanie was staying in her apartment and I was ready to leave and she started to cry. I felt bad leaving her alone to face all that pressure. I asked her to come with me and she said yes. I went to the airport. I told her you gotta understand I gotta meet Maryann. My brother in law Joel was with me.. he was on a buying trip. When I got there there were eight cops waiting for me and they pulled me off the airplane and said I was under arrest...they said Joe Lipman? had sworn out a warrant for my arrest. He hadn't...he had a complaint. He said I'd robbed money from him and I was going to Italy to stash \$250,000 in Europe. I had 2500 on me so it was lie. He had me pulled off the plane because I wouldn't jiggle his deal. I'd done one deal with him and I wouldn't do another with him. The cops let me go when they realized they weren't a collection agency. He came with a summons from Simon to try to influence the cops. I couldn't get Broderick or Edwards or Morvillo. They tried to say I was leaving the ~~xxxxxx~~ country without a passport and I produced one...they said I was under indictment and shouldn't leave and they called the FBI who called the judge and ~~xxxx~~he told them he'd given me permission to leave and that he had an itinerary of where I'd be. Esrine threatened to swear out a fugitive warrant for me in Italy...~~xxxxxx~~I was worried not because of what was threatened but what could happen to me if I was arrested in Italy. So I paid \$26,500 to Joe Lipman? (or Lichman?) which is the next case that I can't discuss to stall him. When I came back, I was beat out of that 26,500. Lichman was the president of Minute Approved Credit in a stock case.

So Joanie went to Europe with me. I dropped Joanie in Rome and I went on to see Maryann and my mother in Naples. We went to Lucerne, Switzerland and from there to Geneva and Maryann and my mother went home from Geneva, but I wanted to see London so I told them I was going to see London for five days. So Joanie and I went to London for five days. I could

John interrupted. Mike...he'll take \$18,000...have it tomorrow morning.' So I wasn't concerned. So I cleared the Belmont deal with him.

So one night riding home in the car with Johnny, and John says...we're in a lot of trouble.' I said...what's the trouble? Joe Brill had represented JOHN (the attorney). Brill had a heart attack and John needed a new lawyer for his appeal. I need a lawyer for me and 'be is gonna give me \$45,000 but I need another \$50,000.' I told him...give me another 10 days and I'll give you the money.' I knew I was gonna get \$5 overage on the Belmont deal. Within a week I gave him the \$50,000. That's the way John did things. When I did a deal, he wouldn't ask where's my end...he'd come to me now, or then and say I need \$50,000 and I'd come up with it like I did in this case.

Now one of the guys I did the deal with was a guy named Louie Caterer. Louie got convicted in the Belmont case and they say he's a financial wizard. He was on probation for 5 years in a million dollar insurance swindle. He was a fast moving kid. He had lots of shylock money debts up to his throat. So I met Louie and I asked him...Lou, you want to do a hellava deal. You buy 7500 shares at \$15 a share and we'll make a lot of money on the deal, but before we do this you got to go see Johnny. John met with him and said 'Louie... I like ya. I want Mike to do business with you. I know who you're really supposed to be with' He was referring to Tony Ducks. 'You bullshit a lot of people, Louie. You run to the strength. If you're acting like you are with him, I have a right to talk for him. I'm not gonna let you take advantage of Mike or Mike take advantage of you. But if you're gonna bring anyother wise guy in here...and I'm talking about my friend Hickey...Mike can't do business with you because I ain't getting in any sitdowns with any other wise guys. You want to do business straight...you keep your word and Mike keeps his, fine.' Lou shook his head... 'No Johnny...I won't bring anybody else in the deal...you're the sole guy to decide what's right and wrong.' John said, 'All right. I'm sending a message to the guy you're supposed to be with and I'm telling him what you're supposed to be doing with Mike.' He meant Tony Ducks, who was in jail. Tony had helped Louie out of a scrap...he'd saved his life. He owed about \$450,000 in shy money and Tony arranged to have it paid off and settled with the shylock he owed money to who was going to whack Louie out.

So Louie and I started working the deal and Louie makes a committment to buy X amount of shares. The trouble is Louie can't buy the stock because his credit isn't good enough with some brokers he thought it would be good with. I buy some from Bruce (Halpern) & Co, through JM Kelsey and Co and now we're having problems because this kid can't come up with the money. I went to John and told him... 'John this guy has fucked me. He lied to me...I can't take the bullshit and I need \$200,000.' John busted out laughing. 'Mike...where do I get \$200,000? Lets go see Hickey.' He sit down at a table

and John says...Mike...I'm telling you, forgot the whole deal. walk away from it. I told him, John I can't. I got Tony Soldano hooked in the deal on a guarantee where I'll be wrong this time. I got to face this guy and I'm scared of him, John. I guaranteed him and I'm on the hook for \$50,000 and I don't want to face that.' Soldano was a crazy type guy. I could have gotten off the hook. John had given me a carte blanche to make any deal I wanted to, but I'd taken Soldano for \$60,000 but I knew I'd have a crazy man on my hands if I backed out.

So Hickey loaned me and Louie \$60,000 at 1 1/2 points a week. and he got a piece of the act. He ended up getting \$27,000 back plus the \$60,000 plus the interest. I took the stock from \$15 to \$50 and at \$32 1/2 I sold Osterer out of 2,000 shares to pay Hickey his \$60,000 back...that had to come off first. That included the interest and a little profit for me. ~~Err~~ But if I had kept the 2,000 shares I'd have had \$60,000 more, plus the 28,000 I gave Hickey as a piece of the deal as a partner. In other words I would have had another \$100,000 if I didn't myself...but I was afraid to take money from my mother. It was too flakey a deal to risk my family. I always felt if I took it from a shylock, they wouldn't kill me for money...not with the kind of money I made for the mob, but I wouldn't take it from my family and bury them. I worried about the deal because it wasn't going smooth...yet if I had taken the money and bumped Louie out of the deal I'd have made another \$300,000 without him. But I was afraid. I made a small profit on the deal instead and Louie was in for \$105,000 in markers for other people.

Louie went to a guy named Fred Fredo, an insurance bond man who has since died. He put him in for a couple of thousand shares...a guy named Evans, in the milk business, got hooked for a couple thousand shares. They became his partner and in turn they gave him \$30,000 each. His crew was in for \$105,000. But I really had no obligation because of what it had cost me with Hickey. Osterer's 160,000 purchase of 11,000 shares at 5 points was \$5,000. So Hickey got half of what earned on what Louie Osterer bought. He got half also on the stock that Osterer bought which I was gonna keep. So Lou was stuck for \$105,000. Every day, Hickey wound up in Dio's office. Every fuckin day. 'Where's my money...where's my money.' ~~Err~~ Johnny was going crazy. Before Hickey gave us the \$60,000... before anything we were watching Tom Jones in the Copa and Hickey came down the steps with Louie. I'd told Johnny all night...Johnny...this cocksucker has run to Hickey despite the lecture you gave him. Sure enough they came down and after the show they walked over to Johnny!...and Hickey whispers something to John and John takes the glass and bangs it against the fuckin table. 'This is one fuckin' time Mike is not wrong, he shouts. 'That son of a bitch...' and he points to Osterer. Hickey grabs John...Johnny...take it easy, take it easy. We'll straighten it out...' Johnny blew his top. But as things went along, Michael became wrong again. Hickey kept chipping away at Johnny. 'It's my money Mike's making five points on... I want half of it. And he got it.' Now he wanted the other \$125,

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\$105,000 back because Louie was in trouble...the other people were screaming they were going to the DA about it. John said: Mike there could be a lot of trouble...there could be a big investigation.' Hickey sits me down one day. He says, Mike listen...You got a lotta good friends, Mike. A lot of awful good friends. We can't do anything in the Southern District, but we control the prison system.' Hickey was facing a 10 year rap for stolen securities at the time. 'We, I'll be in Allenwood in six months.' He was and he walked out of Weststreet after that...to get whacked out. XHe said: 'Keep you're mouth shut. You may get indicted. We may not be able to kill it with Southern District...we may be able to get to the judge...if we can't get the judge we'll get the parole board and the prison. Don't worry...don't panic you got a lot of good friends.' This was Hickey talking to me.

One time, he grabbed my finger. It was a joke, but it hurt and I had a normal reaction...I kicked him. Not to fight...it was just a normal human reaction. John jumped off that chair so fast and made a big joke of it...got in the middle and laughed about it. I'd made a big mistake. Near the end, Hickey came to me and said: 'Mike, you're gonna destroy families over this. Johnny's gonna have to pay this money.. You're gonna destroy families over this. You're gonna put brothers against brothers...get that \$105,000.' There was no way...there was a lot of pressure on me. Maryann had a lot of jewelry. Hickey said: 'Let you're wife sell her jewelry...I don't give a fuck where you get the money from...its got to be paid.'

Well at that point Ed Graifer came to me...Ralph Lombardo came to me to do Ed Graifer's deal (At Your Service Leasing). John told Hickey...Mike's doing another deal...talk with Vinnie Alois. Be patient...give Mike a chance to get his head straight and he can pay you. Wait a few weeks.' - Now on Graifer's deal, my commission was \$45,000 in cash...the first half. Vinnie, Savino, Fusco all met with John and handed him \$45,000. Eddie had said he gave them the \$45,000 to give to me. But John turned around and paid Lombardo the \$10,000 shylock money I owed to him on that other deal...he paid....

END SIDE 1

BEGIN SIDE 2

He paid the \$105,000 that Osterer had coming. Hickey held me responsible because I guaranteed all the people who bought the stock at \$15. If you had bought a thousand shares, I was your partner on anything over \$15, but I guaranteed you wouldn't loose the \$15. So he gave Hickey the \$105,000. He came back to the office and John said...I feel like a damn fool Mike. \$45,000 in my hands...they're all assholes, mother fuckers...they all know that you're broke and each one of them should have put in 2-3,000 and said, here give this to Mike so he'll have incentive to work. But they're all assholes...they got no brains.

DIO JAILED IN BANKRUPTCY FRAUD

When Dio went to jail I lost my protection. I remember sitting in Dio's house in Bayside. I said to John: 'I'm gonna move out of New York, John...there's guys waiting for me now. Cause you're gonna be gone.' John said: 'You don't have to move anywhere Michael. I'm leaving two people in the hands of someone. You...and my son.' I said what do you mean your son. John: 'Any problems my son has with any wiseguys...and that he would...you and he got my brother...and on top of that you got Abie Gordon.' I knew Tommy Dio. He was a beautiful guy. He never raised his voice...he was smart...never in trouble. He was a gentleman, a great family man. His son was an outstanding basketball player and he had a lovely wife. I liked Tommy.

When John went away, I went to see Tommy once a week to say hello. He had an office in NY (35-or 38th St). I'd tell him what my problems were for that week and he'd advise me. One day he said, 'My brother did an awful lot for you. I said, Tommy...I did an awful lot for your brother, too. There was another indictment coming down. You want to hear what I did for him? Tommy waved his hand....No, no...I don't want to know. He wouldn't have told me to take care of you.'

After the next deal I got involved in, though, Tommy Dio begged off of me...I had no one to take care of me until I Davie Bitola???took care of me.

BANKRUPTCY FRAUD--drug.

The next deal was the drug company on Long Island..NAFCO. My cousin had come to me. A friend of his had two partners. My cousin was Ira Schultz. He wanted to buy out the two partners...they had a good business and he figured he could make money. By this time everything I did was criminal. Crime had become second nature to me. Everything I did was a scheme. So I said, 'Listen...we'll buy the company. I'll put Stevie Schustack on as president. I'll borrow shy money to buy the company. Then we'll give the shylocks a piece...buy all the inventory we can. sell it off...make a couple hundred thousand bucks and then we'll go bankrupt. Everyone went for the deal and we were taking out \$1500 a week to pay the shylock who was Tony Soldano. Tony had Davie Bitola give us the money. Davie said to me...here's the money you need...I'm giving it to you. I knew then it was Tony Soldano's money, but Tony had learned from me that I didn't make a move without bringing him to Dio. Now he made the move... he brought me to Davie Bitola and I took the money.

Now at this time I had gotten friendly with a punk named Sammie Feet? His brother Frankie had owned the Savoy and he had done a lot of years. He's now doing 30 years for narcotics and three years for the bankruptcy fraud I'm talking about. When John was around, Sammy shook in his funk in feet...then he tried to be come a tough guy with me when Johnny left. Well, Sammie wanted

thruxin to fight the case. Now my code name whenever I had to reach Morvillo, was 'Lenny Edwards.' I told Broderick the whole story. What are we gonna do? I said. He said, Michael...I would have done this for \$500 for Bob Morvillo. There's no work involved here. (Winters had already made motions for me). But you can't convince Nizer you didn't come here for yourself. I said, lets go tell Nizer the story. We went to tell Nizer the story. Nizer said...this has to be in the strictest confidence...I can get killed for this. We can't tell you son because your son might tell Marty Roth which he never did. Nizer said: well, I'll cut it down to \$50,000.

Meanwhile, I was embarrassed. Broderick had been handling some accounts for me and I'd send him checks from some of my friends and the checks were bouncing. To me its amazing that Broderick stuck with me. I was a thief...he knew I was... checks were bouncing on him but he stuck with me. Eventually I made good on all my debts with him. But it was a terrible, terrible situation. It looked like I was trying to beat Broderick when it truth it was my so called friends screwing me. "ell P.S. Vince worked it out where I didn't have to pay that money... but I was able to show an agreement to all the wise guys that I was paying \$100,000 to fight the case.

The trouble was that I had too much time on my hands. I went through money like water and I found myself back in deals ...automated information systems. But even before automated and did several other deals. It was no longer just stock deals, it was bank fraud, check fraud...anything to lay my hands on some money. A lot of the deals co-mingled with each other.

I started to build the Carriage House, a restaurant on 38th St and 3rd Ave. I put \$50,000 into it with Murray Taylor while I was doing automated information systems. When I turned to make the deal with the government, the liquor license was turned down although it was in the name of Mary Ann's brother's name. I was cooperating with the FBI at this time. They told me they'd get me the liquor license if it was turned down. I told my lawyer, Frank Tasker to appeal it and I'd put up \$10,000 for the lease plus \$50,000 for renovating the restaurant. It was money I'd gotten from automated information. When I got through with the government, there was no sense fighting the appeal because I had to walk away from NY anyway...so I blew the \$60,000 in the carriage house and the owners took it back. I couldn't fight it and concentrate on it.

AUTOMATED DEAL.

Murray Levine, the stockbroker, came to Murray Taylor before I took the cruise to the Bahamas on the QE.2. He told me he had tried to do the automated deal with Ronnie Alpert and Bernie Weiss but they couldn't do the deal. I told them I could handle the deal but I had to have every single share stock...I had to have the whole box in the stock. The box lets you control every share so you can make the market whatever you

So I said to Jackie, Jackie...why don't you go into this deal (automated) and start buying some. I guarantee you 50 per cent of the profits against the losses. He starts bringing all these people around...Bernie Weber, he brings his business advisor. He wants to come to my house for dinner...I got to his apartment in Central Park, on 59th St....For two months this goes on. Jackie's buying stock and other people are buying stocks at \$5 and I'm getting all the cash...but I'm putting it into the Carriage House. I put Savino into the stock...Sam Weissman into the stock. They all knew I was rigging the stock...that I was running the stock up. Mason didn't get indicted for some reason...but the fact of the matter was I liked Jackie Mason. And when it came time and things blew up, I made sure Jackie had minimal losses...maybe he lost 5,000 on the whole thing and I could have put that money in my pocket but I didn't. Sam Weissman knew I rigged the stock but he just got convicted in it on my testimony.

Now the US Attorney was trying to get me to testify. And every time he'd tell me I was doing something else wrong...but he couldn't prove it. To protect myself in the automated deal...when I knew it was bad, I went over to Morvillo with Vince Broderick and he brought Tom Doonan, an investigator from the U.S. Attorney's office and we met in the Berkshire Hotel. I told Morvillo all about this deal, but instead of using me...I told the truth...I used Murray Taylor although it was really me doing the deal. When they brought me up to get me to testify in the second Imperial case and I wouldn't testify, they said they knew I'd broken my original deal with Morvillo. I said, you show me how...you tell Mr. Broderick how. They said you broke it in Automated. I said, I broke it in Automated? I told Morvillo about that. They said, you crazy Mike. I turned to Bob. Did I ever lie to you. He said no...I never lied to you either, Mike. I said...we had a meet in the Berkshire Hotel in May...you have notes on that. He said, Mike...here's your drawer...lock and key...every note I ever took from you is in here. I said...look. Morvillo looked, and sure enough he comes out with pages of notes on the deal. He almost died...he almost fell over.

THE PADDINGTON CAPER....

Now I told you, I had done other things. One thing was an unbelievable deal and we blew the deal...they never would tell me who the stool pidgeon was in the deal...but I assume it was Murray Taylor. Marty Ross, the lawyer, tells me he has a guy who has a deal that can't miss...would I meet him. Marty owned Townridge Realty in Queens and I go to meet Marty and he introduces me to this kid, Larry...I never knew his last name and I guess that's why they can't indict. He said he was an alderman or assemblyman from the Bronx. We met him threw a punk kid named Bob who got caught cashing stolen savings bonds (what's name???) and the judge said he was crazy and gave him a suspended sentence...he got back in trouble and he knew this kid Larry. These kids had an idea. They had a guy in the bank...I think it was the Commercial Bank of North America...where Paddington Corp, the big liquor distributor had their account.

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I went to Davie and said to him...Davie...you gotta reach out and find out what the fuck happened here. Who ripped me off? I mean if they ripped off Dio, they'd find out fuckin fast who ripped them off. 'You gotta reach out and get this stuff back.' Davie showed no emotion over it...he wasn't angry that I got ripped off. Maybe, he had a piece of the deal. We were ripped off right after our wedding...we'd had a big party...after we came back from Vegas.

I was angry that they did nothing. D'Arpi came to me and said the guys (who took the loot) can't get rid of the stuff. Its too hot. Nobody wants to fence it. There's been so much publicity, nobody wants to touch it. They must have been sick when they knew they passed up 19000. They had asked Maryann 'what did he do with the money...She said...he took whatever he had...he just left me some change and \$500.'

They were stupid...these robbers. I'm not leaving my house...a man doesn't leave his house...with his papers on the table of his bedroom...and his pocket money which was on the dresser. They never thought to ask why didn't I take my money off the dresser when I left. This was April 17, 1972. The \$20,000 was from a deal in which I gave Savino and Petola some checks to cash for me...the deal might have been from Automated or Computer. I'd picked up the money that night before. D'Arpi was convinced that it was Savino who ripped me off.

Now Weintraub ran junkets to the Dunes and I met him and said maybe I'd take a junket with him. I'd bought pieces of jewelry for Maryann from him. Finally I said we'd go to Vegas. I took Marty Roth, Joey Silvestri, Eddie Palermo, Marty Roth's wife, and Maryann to Vegas for a weekend. I'd borrowed \$10,000 from Kenny Sepas???, a guy I'd helped in a tax fraud deal...the gov't didn't indict him yet and I don't know what they're waiting for in that case. I got ahold of certified check for \$10,000 for him and put it in a deposit with Julie. I walked in and he asked...how much credit you want? I said...aw...give me 10,000 and I gave him a certified check for it. Meanwhile, I okayed Marty Roth for \$10,000 and Palermo for 5,000. So it was 25,000 between us. I was a big winner. Marty was stuck. We'd blown 10,000 the first day. I'd won that back, plus 17,000, the night before, plus another 7,000...at baccarat and craps. Sunday afternoon I came down and I'm playing easy at the baccarat table...just play easy. I was stuck a few thousand and Maryann got nervous. She got hungry...she was pregnant. She says...bet, bet bet...2,000...bet 2,000 a card. I bet the 2,000 a card. I lost the 24,000 winner plus the 10,000 I had in the case...I blew about 35,000 in two hours. I was really aggravated. I came home and I needed the money to pay Julie.

We had a deal with a Swiss bank. Marty Dellarocca said he ~~represented~~ represented a bank in Switzerland...Societe d'Re finacement...I knew it was a bullshit bank

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They did all kinds of deals. If a guy wanted a statement.. if you had a business and wanted to show you had a lot of money in the bank, you'd go to him and he'd rake you a loan. A million bucks...five million bucks...three million. You sign two notes...a three year, two year or a demand note. You could never take the money out of the bank but they'd put it into your account. So if you had Price Waterhouse, or Ernst and Ernst, any big accounting firm check a ~~ph~~certified statement for you, they'd write this bank in Switzerland they'd say, yeah...we have five million on deposit for John Jones. But don't try to draw a check on that account. They would take the money out before. They'd make a fee on those deals...they'd give out phony letters of credit...and letters that would say, we'll pay this 100,000 when you deliver this ...say they were chairs. When the chairs were delivered, they'd find something wrong not to pay out the 100,000.

But I was to work a stock deal with them...I had figured out a way to beat the member firms out of all kinds of money using their bank checks. So ~~xxxx~~Arthur Dellarocca ordered bank checks printed up. I had the same guy that printed the checks for the Paddington Corp, to print these checks up. I went to Artie and said, give me a check for 27,000. I took the check and met Julie at the 21 Club with Marty Roth...I had Marty endorse the check. This pays off Marty's obligation and my obligation coming. Julie said...you got credit coming. I said...don't worry about it...I'll buy a piece of jewelry. I bought two rings for \$900. I waited 2 weeks or 10 days.. but I had to give Artie \$5,000 for making the check to give me a real loan. Julie gave me 7,000 in change. I gave Artie Todd the \$5,000 and the day after I gave him the 5,000 the check came back. The bank didn't pay it...counterfeit check after I'd paid Todd. I walked in to Weintraub's office and a cop is waiting for me. The funny part about this...there were two transactions here. The first was with a bank check. The second, after I gave Todd 5,000, he said...Mike...can you cash some checks for me. I said yes...I can. He said I'll make out some checks...tell me what name to use. I said make them out to the same name that you made them out to for the loan. I'll give them to Julie and I'll get the cash back for them. He made out the checks on some garment center firm ...Don Sophisticates...and said the checks were good. I brought them to Weintraub and I said, when everything is paid, give me the difference of what you have...I may want to go to Vegas again next week. That's before I knew the checks were bad. I knew ~~xxxx~~we had them printed, but Todd had said the bank (Swiss) wouldn't honor them. Julie said...these are phony check I said...you're full of shit...a phony check. Julie said Mike...the cops will be here any minute...I couldn't help it. I had to tell them you gave me 15-20,000 in other checks. I went back to Tortorello and Petola was there by now. ~~xxxx~~Todd is yelling. I said that check bounced...Todd...nah, nah don't worry about that...I'll call up and get it straightened out. He said...where's my money for the checks. I said...are you crazy? I gave your checks that you gave me to Weintraub to cash. The bank check he said is a phoney...you think hes

gonna give me money on good checks when that check bounced. Well when the cops are waiting for me they tell me that the checks he gave me to cash for him were stolen...stolen funds out of a stolen account. I didn't know what the fuck they were talking about. I had nothing to do with it. This Artie Todd...that bastard...was putting me in the middle. I was screaming. Davie Petola...I went to him and I said...Davie this man is putting me in the box. Davie said...You can't talk Mike...you can't tell them anything. I said...I gotta go to jail for this son of a bitch? This guy is crazy Dave. He gave me checks to cash...he wants the cash from Julie when the bank check I gave for 5,000 that he guaranteed is not good...what are you crazy. You know it cost me another 5,000? They had all kinds of sitdowns and Artie Todd brought a kid around that was gonna take the rap...a big fat kid with glasses...Ron something...he was gonna take the rap. But I had to give him 5,000 to take the rap. I said to Dave...he put me in the barrel. A guy puts me in the barrel, I got a right to talk Davie. Davie shook his head...No you can't talk, Mike...you gotta pay the 5,000 for the guy to take the rap. The sitdowns were between Davie, Artie Todd's brother, Pete. Artie was wrong, in other words...but two wrongs don't make a right...I couldn't rat on Artie and tell the cops it was him and I had to end up giving Artie Todd 5,000 more that he said he had to give to the kid for taking the rap for him. These were were unreal people. At the sitdowns was Pettie Pumps, Todds brother...and Petola. I was amazed...I couldn't believe it. I said...Davie I don't understand...Davie was from an older school than Dio. If a guy walked down the street and handed you a sack of dope and the cops busted you, you couldn't say that he gave it to you. In his world, you weren't allowed to say anything...he was a real old style Mafioso.

He said...you make a claim against Artie Todd...We're not done with Artie Todd, but you don't have the 5,000 to pay you can't say anything...when you've paid it, then we'll make the claim to pay it back. So it cost me 10,000 not to blow my cover. I told the Detectives a fuckin story and instead of using Artie Todd I used this kids name...the name he told me to use, Ronnie. I don't know what ever happened in the case. P.S. I gave Artie Todd 10,000 and I ended up \$18,000 in debt to the bank the check was drawn on. How did I end up owing the 18,000...I never got the money. Broderick represented me. I said, Vince...how does Security National or whatever bank it was????or Royal National...how do I end up owing the money. He said I got the benefit of it. Julie got paid...he got the money. Julie said the bank check I gave him was no good. I don't want to know who wrote the check...Mike gave me the check...he's responsible. I'm holding the money, he said, against the money he owes the Dunes. Broderick said that if this came to the attention of Lasker, the judge, I was gonna get the two years. He said I was responsible. I had to sign a note to the Royal Bank???I gave Broderick, 4,000 towards the downpayment. He's still holding that 4,000. He's never turned it over to the bank...won't give it back to me. I asked why. He said he wrote the bank about the 4,000 as a settlement but they never wrote back.

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I had to make restitution of \$100,000, of which I made restitution of \$12,500, which was part of my sentence by the court... that's two years ago. Broderick is still holding that 12,500 in his checking account and no one does anything about it. I asked him the other day...I said, Vincent...look in your files and look at the agreement with the Security National (or Royal National) Bank. I owe you legal fees...at least let me take it for legal fees to pay you. How are you gonna split 12,500 among all these people that I owe money to? You got 4,000 for the bank...they wouldn't let me off the hook... they wouldn't accept your terms. You can give it to me because you tell me you have it for them and you can't give it to them because they didn't make a final agreement with you. Please find out what you're gonna do. Its asinine.

TRIPANI AND VASSALO.

In the four deals I can't discuss, Tripani loaned me \$25,000. Augustus Tripani is with the Gambino family...he's called Gus. He's a big importer of dope and he's supposed to have a fortune on the street in Shylock money. He's not a made man but he's well respected because he's a big money maker. He lives on Spring Street. Ed Vassalo who claims to be a nephew of Davie Petola...he was in the porno business. When we get into Computer and those other deals you'll see there was a guy named PAUL ROTHENBERG who was murder who had an office on Spring Street making dirty movies. He was in this deal with me. He had given me \$40,000 for one of these deals I can't talk about...and when he got called to the SEC he said it was \$10,000 because he didn't want the wiseguys to know. But Vassalo knew and the next thing you know Rothenberg got killed.

Tripani is about 6 foot, about 48, and when I was doing Atlantic Services, Davie Petola came to me and he had a Chinaman who had a process for making wahn and wear out of cotton which was unheard of...with less than 1 per cent shrinkage. I was gonna put this into Atlantic and Lefty Paulie...whose real name is Paul Della...something...the FBI will give me the real name...he always smokes big cigars...Dellaunus...or something like that. He told Davie...lets take a piece of this deal...buy some stock. I got a lot of confidence in Mike. Lefty Paulie knew me years ago from the Vegas Club when I used to hang around when I was 16 years ago. That was a place where Seymour Geller had a contract with an attorney who was then an inspector in the police force...he ran all the hookers out of the Las Vegas club. He didn't charge you for the hooker...but the girls had to drink champagne at \$35 a bottle...and you drank whatever you wanted but you had to stay there a half hour with the girl...Then the girl would take you to a hotel that they were using.....

END SIDE 1.

In the safehouse, I was a cook. What happened was they kept me alive cooking. We each got \$6 a day. Out of the \$6 we had to pay everything...toilet articles, food, magazines, laundry...everything we needed had to be paid out of that money. We got together, five or six guys and we chipped in to buy our food. We really pooled for only for one dinner. If a guy wanted coffee, he bought his own...If a guy wanted breakfast food, he bought it...eggs etc. We only chipped in for the main dinner meal and I did all the cooking. I'd tell the guys, plan a menu and I'll cook whatever you want...Italian, French, German, Jewish. I'd keep busy cooking all day. I'd start about 1 in the afternoon. We had three shifts for dinner because we had 15 or 17 guys eating. One group from 6-7, one from 7:30 to 9 the other to 10:30. It was tough. Dishes had to be cleaned, different meals cooked.

The first three weeks was the toughest. I learned to play chess with a few of the marshals. We were allowed one personal phone call a day...I was allowed two. You could call your lawyer, FBI agent or U.S. attorney any time you wanted. That phone was your lifeblood to the outside world. One guy would go shopping with two marshals...you gave him a list of what you wanted. I'd sleep to 10-11 in the morning, have coffee, get up and walk around inside the fence and get some air and when I came back in I'd start to cook. We'd eat at 6-7 and I'd clean the dishes and then watch TV and go to bed. Boredom was the witnesses greatest danger. I wrote a report for the marshals. I told them prison was much better than safehouses because you at least had recreation in prison. All we had was a ping pong table. But in prison there was a gym, tennis, movies, you could do things to keep yourself busy. We had a makeshift backboard that we built in the safehouse driveway. And when the newspapers discovered the safehouse and TV stations with their cameras were around, we weren't allowed out for two or three weeks. The TV set wasn't even color. Eventually the witnesses chipped in and bought a color TV set on their own. The second safehouse I lived in was much better. I was asked at the At Your Service trial which prison I was in...I described it as a maximum security prison for witnesses so you wouldn't get killed...which it was. You didn't have bars, the attorney said. Yes it did, I answered. I was described the Providence safehouse because that's where I spent the most time. The other safehouse didn't have bars...we lived in trailers on forest land off the Dept of Interior. There there was absolutely no recreation. They took us to the movies once a week. It was a tough life because people couldn't come to visit us...we had to visit them in federal buildings or some other place because no one could know the location where we were. Out of the last three months I spent almost two of them back in NY on trials so it wasn't that bad. They had a location which wasn't that comfortable because they didn't want defense to be able to say we stayed in luxury. The marshals would have to take us to a motel so we could have showers. But where we stayed was really worse than a prison, but it was secure and safe. Then they got another place in Jersey which was unbelievable...I mean jails were better than this place.

The Jersey place was like a motel but jail was better because of the condition of this place. They wanted to be able to show pictures you weren't staying in a motel but a run down joint...that jail was better than the motels they took over for witnesses. I remember there was finally an order from the AG that no witnesses would even be allowed to stay in that kind of motel...that they would stay in jail. They brought me in and they were going to put me in a certain in the NY area. I told the marshals, don't even bother bringing me in because I'm not going. I wasn't going to be killed. If you want me to go to jail, I said, you'll send two marshals to jail myself. Two marshals did agree to do that...but by the time that happened, the AG agreed to let witnesses stay at state police barracks and commute

END SIDE 1

BEGIN SIDE 2

THE PRESS DISCOVERS A SAFEHOUSE.

I was in the house with some others, and there was a commotion. Berry went outside and there was a big beef and he made a mistake...he grabbed a camera from a guy and ordered him to get away from the area. The press then started to make up all kinds of stories of who was at the safehouse. As a result, none of us were allowed out of the house. The marshals closed all the windows tight and kept us out. The newspapers kept printing stories and TV cameras kept showing the house. We were afraid they (the mob) would bomb up with a plane. The next day Partington arrived and they had a helicopter outside. The chopper was there to await the word from Washington to evacuate us. All of a sudden, Brophy or Kash called and said it wasn't necessary...they had enough firepower there to hold off a battalion. The marshals decided to stay and they weren't gonna run from the mob. So we didn't move but a short time later they finally closed down the Providence house and now they're planning to do away with all safehouses. What they should have are prisons strictly for witnesses where there's recreation...but not in prisons with other non witnesses.

All of us rationalized why we were stool pigeons. But no one really told you the real reason...we wanted to do less time. Guys were facing 30-40 years. I testified because I wanted to do less time and I was scared to death of Tripani and Vassalo...not because anyone hurt my family or robbed us. There was one guy I remember who was doing 25 years on a state bit and he flip flopped for the federal government. He heard I got two years. He nearly had a fist fight that first night. He said...I wouldn't become a stoolie for two years. I asked...why are you a stool pigeon. He said I got 25 years. I said...it don't make a fuck what you got as soon as we open our mouths we're both the same...we're both stool pigeons. He said something else and suddenly Mack stepped in...there wouldn't have been a beef that night but it was straightened out.

I got along with everyone because I fed them. When I left Partington said they wrote him a letter asking him please not to move...we'll be eating TV dinners and peanut and jelly sandwiches without him. I really cooked for them because it gave me something to do...it kept my sanity. Everything from spaghetti and meatballs with meat sauce to Prime Ribs, Pork and lamb, stews, duck...everything. Sunday was usually Italian day...they loved my boneless chicken parmigiana. We couldn't eat steak every night because prices were high, but we ate good. I lost 80 pounds during a nine month period because I didn't eat all day until dinner.

JOANIE...THE GIRLFRIEND.

I met her when I walked into Ivan Esrine's office and she was his secretary. I met Ivan through a man named Army? Wilson who died of leukemia whose son married Ruth Schwab's daughter who was my mother's best friend. I was at their wedding and Rxxkhe called me up and asked if I would do a stock deal for him and wanted me to see his lawyer who was Esrine. I met Joanie and her sister Sarah who was Ivan's assistant. I had an apartment in the Carriage House at the time. I told her I'd take her to the Carriage House. I was supposed to meet her at the airport that Saturday morning at 6:30 and I got up and told Maryann I had to go to a business appointment. She woke me up to go and I just didn't feel like going so I stood Joanie up.

I

The next week I was back at the office and she asked... where were you. ~~xxxxx~~She said, you know you weren't there ...you owe me \$20 for the cab. I didn't take her out for six months after that. But six months later I went into the office with Maryann's brother, and I was doing another deal with Ivan...I was starting to do Atlantic with him. She asked me, what are you doing. I said I was going downtown to eat...but I gotta make a few stops. You want to hang out with me? She said yeah. We went to Calucchi's? and had dinner and from that time on she hung out with me all the time. And during the last four deals she was living with me. She was on Mulberry St with me, she knew Petola, she knew everybody there was to know...which is why she became a govt witness.

When we started to go out it was really just for fun... she knew I was going to jail. But when the marshals moved me to the Baltimore location for 10 days, I tried not to call her. Finally I called her and I asked Maryann's brother Dickie to drive her down...because he knew her. In his mind, being a Sicilian, it was okay for a man to have a girl but not okay for a girl to have a man. He brought her down but the marshals wouldn't let me see her. So she drove back very hurt and we I got to a new location I tried for several weeks to reach her but I couldn't. Finally, I met her some where else. When I went to jail, and I asked her to wait for me. She did. When I came out of jail, I went to see her before I went to see Maryann. and then I came back to see Maryann...that's when my mind was in a pickle over both.

kids were small and she was just getting a divorce. Then she moved from her apartment to Bayside where she met Barbara.

MICHAELS...

The mob ruined it...they made it their hangout. It was Long Island's only real prime steak house. I never handled stolen goods...whiskey, booze, meat...anything. Yes, I bought stolen dishes and stolen silverware or coffee pots from Charlie Flip. And my bartender used to sell stolen goods... blouses, dresses, and booze for Savino...to customers. Bookmakers met their every Monday night to settle accounts; I remember Benny Wekar, Savino, Stevie DePasquale meeting there...they made contacts there. Friday night was wiseguy night out and they'd bring their girls there...they made it their hangout. I didn't try to stop them because frankly I was afraid. "When it first started, I liked the business they brought it. Then they became abusive and I didn't have the power to stop them. Johnny walked in one day and saw what was going on...forty or fifty of them were there. He laughed. "What kind of place you got here?" he said. I said "What am I supposed to do about it?" When I went with John, he put an end to it.

Michael's was a good business, but I didn't make money in Mike's. I had 90 people working for me and they were robbing me blind. I did almost a million a year in business ...between the coffee shop, the restaurant and the catering but it's a tough business. Employees can rob you blind without proper controls and I didn't have them. Besides I wasn't happy making \$500 a week...I wanted more money, I wanted to live high.

USE OF FAMILY NAMES IN SWINDLES...

He used his sister, his brother in-law, his mother and an Uncle Louis. Louis, I sold stocks through...shares of Imperial through him just to give him business. I never figured he'd get in trouble for it. He didn't know what was going on in manipulation. As far as my sister and brother in law...In every deal I made money for my friends, why shouldn't I make money for my family. They didn't know how I was manipulating the stock. Ira Shultz was a cousin and a broker who I paid off to buy stock to retail Imperial, Belmont, Tabby's. I didn't pay my uncle off because he didn't do those things...all he did was sell stock that he thought was legit. Ira was a crook...he knew what was going on. I'd tell my brother in law or sister to buy so many shares of a stock. They didn't know I had manipulations going on. But then my brother in law lost money with me to He lost about 17,000 on Belmont. In the next deal, at At Your Service, I gave him stock and he made up his loss. Ira I didn't care how much trouble he got into...he took the risks with his eyes open. I must have paid Ira 60-100,000 in the course of my dealings with. They indicted Uncle Louis, but they shouldn't have...he never knew what was going on. Maryam's family or my family who did anything

bought anything, what ever they did, Mr. Broderick made sure that the government agreed they couldn't be indicted for it ...that was part of our understanding. It was tested in the very first case...In at your service, when Jim Schreiber was starting to investigate it, and I had to go to Grand jury and Joel came up to say goodbye to me. Schreiber said... I want to see you too...you may get indicted. I said to Schreiber...he won't get indicted...before I got to grand jury we better straighten this out. I called Tom Edwards, then my lawyer, they called Morvillo. Schreiber came down and apologized...I'm sorry...I didn't know that was the understanding,' he said.

KENNY CYPOS Case

Kenny Cypos came to us...he owns a big lighting company... Tenburg? Lighting in the Bronx. He was very friendly with my neighbor, Stanley Gilbert. He came to me and Cypos said he could sell cash for big money...how he was gonna do it I didn't know. He said if I gave him \$50,000 in cash he could sell that for 70 or 80,000 in legitimate money. What he was doing was taking the cash and writing an expense check for Penburke? Lighting so he could deduct that as an expense...take it off his profit and keep the \$50,000 in cash. My deal was that we would split the profit. The first deal we would do was small. I gave him \$50,000 in 100 bills which I had (gave to Stanley). He took it to Kenny and he brought back a certified check to this paint company... a phony firm Murray Taylor and I dreamed up. We opened an account in the Underwriters Trust Co. in Broadway because Don Saxton knew the vice president of the bank, while I spoke to about stolen bond deals to. He was trying to arrange a stolen bond deal for me but nothing ever happened. The banker later got fired. I went in and gave him the check for \$70,000 made out to this phony paint company. I deposited it in the bank. I gave Don Saxton \$500 for being president of the company, Murray got a few bucks...I withdrew the difference... 68,000 or 69,000 from the account. I replaced my \$50,000 that I took out...I gave Kenny Cypos his 8500 and I kept my 8500 and we both gave Stanley Gilbert 1100 (2200) for his help. We both made about 8000 in a weeks time with that deal. So he, Kenny, got 57,000 and he was able to write off on the company books 70,000. We never did it again...for some reason, although he said he was gonna do it again, he never got around to it.

HYGIENE LABS CAPER

That was Stanley Gilberts deal. He was gonna go public and he had a dental lab. There was a bribe of an SEC official which I can't talk about because they don't know if they're gonna make a case. There's very strong circumstantial evidence of a \$10,000 bribe to the SEC. I never gave the money to the SEC guy...I gave it to Esrine and they all confirmed that he got it, but I don't know. We met with Gilbert afterwards and Gilbert was angry with me because I had my brotherin law put up the collateral for him to borrow \$20,000

told the judge, I was the mastermind of Imperial and I had led the Mafia down the glory road...but I never testified and I took the fifth.

OSTERER AND THE BLOOD MACHINE.

Lou was barred from the insurance business for a million dollar fraud. He was on five years probation with the state. I had two policies with Lou...foundation Life that he had written for me through a front man who was his partner. He tried to promote me on a stock deal. Lou said he had a blood machine that could analyze your blood in the hospital almost instantaneously. It was supposed to have a glamour appeal for the stock. I never good involved...he got in a beef with Belmont. They make Osterer the new Meyer Lansky of the underworld. That's not true...its ridiculous. He's a big gambler...he owes a lot of shylocks and he lives good. But all he knows is insurance and labor. He may know a lot of people in the mob, but he isn't that bright. He was short, heavy set, outgoing, a nice guy...but he was an insurance punter. He had a deal with Ducks, Dio and Hickey that they get him all the union insurance contracts and they'd get a piece of it.. He wrote a lot of union business all over the country. He was big in pension funds and things like that.

SITDOWN ATMOSPHERE.

They were held at Catsbys (the Alois crew when we did Imperial). I remember one Sunday morning, Dio had Patty Fusco in the Coffee shot alone before John Savino got there. John worked over Fusco and when Savino got to the table he changed the whole story. John said to Savino ...Let me tell you something. You could never be half the wiseguy that Checko is. You could never be what Checko is ...an honest man. He respects what we stand for. You're a full of shit guy...he said this in front of Buster and Jimmy Burke...and you're a fuckin angler. Checko's honest...he don't want nothin for nothin. He wants what's right. Savino cheated his own partners. They don't know it...but he'd make private deals, get pieces from me and tell me not to tell Checko or Burke. He'd make deals with 40 guys without telling his partners. He was like Lombardo who was always swindling Buster. He'd tell Buster he'd made a 5,000 shylock loan when he'd made five to them. He was covering himself in case he made one bad one. Fusco was a tough guy, he was crude, but he was honest in his own way. He never lied about me on the deals we were involved in. He beat his own partners out of thousands of dollars I gave him. Burke was another straight guy...he never screwed me or lied to me.

END SIDE 1

I went to Broderick who recommended some lawyers for Winters. I told Murray...toll the truth about everything...you can't lie to them (feds). I found out later that he hadn't told the truth about everything...that he was shielding people. Like in the Gilbert deal, he thinks he did something wrong in the deal and will get in trouble with the U.S. Attorney. Gilbert never told the truth.

These people are stupid. They make a deal and then they don't tell the whole truth, like Bob Lauci...sooner or later the U.S. Attorneys are going to find out everything. There is absolutely nothing that I ever did that the U.S. Attorneys don't know.

ROSELLI-MAHEU MEET.

I used to hang around with Johnny Roselli and I didn't know at the time that he had taken Jack Dragna's place in Vegas. He used to travel a lot. He used Continental Airlines whenever he could because he knew the owner. We'd fly to Chicago and all over. This time we were in Miami at the GIGI Room of the Fontainebleu Hotel. The GIGI room had just opened. As you come in there's a big circular bar with tables off the bar. We were sitting at a table and he introduced me to Bob Mahou and he told me...there were other people sitting at the table...and he said this is the closest guy there is to.....

END SIDE 1

BEGIN SIDE 2

Roselli would register me as Doctor Brown wherever we'd go. I remember Roselli saying that it wasn't Jack Kennedy who was bad, it was Bobby. He bragged that Bobby couldn't do anything to him because of the work he was doing for the government. He said there was an investigation of him going on, but he was going to be able to have it killed because he had important friends in important places in Washington, D.C. He'd take me on these trips, but he'd leave me at the hotel because he was meeting people he didn't want me to get involved with.

I remember Lana Turner's first husband, Steve Crane and Al Mathis owned the Eon Tild Ports? in the Sheridan Hotels. Steve Crane was going around with an Indian girl at the time they were having the Chicago opening. We went in for dinner and we were at a table for about 20 people and they served as several expensive hot dishes and a couple of drinks, a half lobster thermidor and desert. Roselli excused himself, told me to have a couple more drinks and he'd rejoin me. The next day we were sitting in a suite in the Ambassador East and Crane and Mathis came up. We were watching a ball game and making a few bets...and we were going to dinner. I had told Roselli I was so disappointed the night before because I was starved after what we'd been fed...he had had to take me to a place called the Singapore to eat afterwards. He then told Crane and Mathis the story.

Chemical Bank (the next morning) and gets a check for \$80 or \$85,000, goes to Paine Webber, pays off Paine Webber. I take back his 5,000 shares and sell them at \$17, so he's even in the dollars but he's got 5,000 shares and I'm his partner. Borg tells me don't tell anybody I'm your partner, because I can't associate with you.. Now I could have asked him to give me the 85,000 and I could have put that in my pocket but I wanted to save the deal at that point. But at this point I hadn't given Tripani or anybody else any money.

Now its going into August, I see the deal is going bad and is going to blow up because those involved didn't do what they were supposed to. I went to my lawyer's office and I said, Listen...I just robbed \$250,000. He looked at me and couldn't believe it. He said...I'm just signing a deal with the government for you. I said...I just robbed \$250,000. He looked at me...Oh my God, Michael. And my new deal was I ~~still~~ was ~~not~~ going to testify, and I wasn't going to jail.

So he went to Morvillo's office and we were to sign the papers and they agree on the deal and Morvillo says, naturally that includes everything Michael did up to today's date...my lawyer said this. Morvillo shook his head. No that includes everything Michael did that I know about. Broderick gets up and walks over to me. Believe me, he knows about it (the swindle) and if he don't know about it, he'll know about it very shortly...Lichtman, all of them, ran to the SEC to tell stories about it, lying about their innocence. So then we had to renegotiate the whole deal. Meanwhile, it took them from August 4th until October 19 to renegotiate the deal with the government. In that time I'm getting constant pressure from the wiseguys for money. They asked me how much I got, I said 250 to my lawyers. They said, you might have to make \$100,000 restitution and I agreed to do it. P.S. by the time Oct. 19 came, the 250,000 was gone because I had to pay back a little at a time to Tripani for the shylock money...I have to give money to Betola, to this guy to that guy...I had to pay out money constantly to stay alive. I ain't stupid... I'm not going to give it all out at one time, then they're really going to kill me. In that three month period it all went except for \$12,500 which I gave to my lawyers at a fee without telling them where it came from. When Broderick found out it came from the stock deal, he returned it to the court because he refused to take stolen funds for a fee.

So it ended up that I was to testify for the government and walk away from the deal with nothing because the govt if it had made the deal that day in August, I would have had a quarter million they wouldn't have known about. In reality I guess, I would have had to tell them anyway because my deal was I had to tell the truth about everything. I was broke in three months but I had to show them (the govt) where every nickle went. Every dime was accounted for. Meanwhile, Esrine walked off with a couple hundred thousand and never had to cough up a dime of it. Now to date, no one has been indicted in that case (the trio of stock cases). If I had been able to carry the deals to their final, ultimate conclusion...not even to the final conclusion. If I wasn't trying to be straight

with the guys involved, and tried to save the deal. If I would have known that the deal was going to blow up...but I loved Joanie and I wanted to be straight with her...and I wanted White, Esrine and everyone to make a dollar...I could have made...I could have taken the 85,000 from Borg and put it in my pocket. I sat in Joanie's apt and said Joanie in the next two weeks, I can make another \$300,000 net but I'm gonna let your brother in law do it.

I did something for a guy I would normally never do. I took a stock that Correll? and Greco had paid for and had in their physical possession...and the broker we were doing business with was Breslow-Bernstein? was short stocked. What that means was that they had sold stock with big board houses...the big board houses hadn't got delivery yet to deliver to my own customers. I took their stock back, gave it to Breslow Bernstein to deliver to the big board houses ...~~maybe~~ maybe 150-200,000 worth of stock, maybe 125,000 worth. When they delivered to the big board houses they got paid because they needed the money. I could have said to them, listen...here I am I'm giving you the stock. Go get the check, I want half the money today. If it was my brokerage firm, I would have had the whole 125,000. It wasn't my brokerage firm, and they said, Mike we're only borrowing stock...as soon as we get our deliver in, we'll return it to the people and we gotta pay for the stock that's coming in, so let us use the money. What happened was they went out that 125,000. If I had said no, give me half the money, I'm going to pay out, the deals going under fellas, there isn't any deal...you want to walk away with nothing, walk away with nothing...I got my end....I could have come off with 200-300,000 with nothing. I didn't. I gave Breslow Bernstein the 125,000, 85,000 to Borg and the stock that esrine didn't deliver.

But if the deal hadn't blown up...if there had been rich people behind the deal...if just one of the business had clicked and Computer Microdata was just one good company...and the fish deal was a good business too...there's just not telling...10-20 million, maybe more...untold. If someone had just put up a legitimate million in cash with no beafs, no pressure, we would have had millions.

Don't forget, what we did with the banks (in borrowing money) was illegitimate. The banks didn't know it was unregistered stock they were lending money on. How do they check on a stock? They call the transfer agent. ~~Thrx~~Who was the transfer agent? It was Esrine. They call, he says, hold on one minute let me check...yes its good, its very good then number is so and so and so and so.

THE LEGEND IN A STOCK TRANSFER.

Usually banks are stock transfer companies. You sign a stock power and you have your signature guaranteed that its your signature and you sign the back of the stock certificate itself. Or it can be in a broker's name where it becomes

-----X
UNITED STATES OF AMERICA :

vs. :

Docket No. 71 Cr. 558

JOHN DIOGUARDI and LOUIS OSTRER, :

AFFIDAVIT

Defendants. :

-----X
STATE OF NEW YORK)

SS:.

COUNTY OF NEW YORK)

STANLEY L. PORTNOW, M.D., F.A.P.A., being duly sworn,
deposes and says:

1. I am licensed to practice medicine in the States of New York, New Jersey and Massachusetts. I am a qualified psychiatrist in the State of New York. My qualifications and background include the following: former Chief of Forensic Psychiatry at Bellevue Hospital Medical Center; Chairman Designate of the Committee on Law and Psychiatry of the American Psychiatric Association; present Chief of Forensic Psychiatry at the New York Institute for Legal Psychiatry; present member of the Psychiatric Panels of the United States District Courts for the Southern and Eastern Districts of New York; Diplomate and Examiner of the American Board of Psychiatry and Neurology; Fellow of the American Psychiatric Association; member of the Education Committee of the American Academy of Psychiatry and Law; Associate Professor of Clinical Psychiatry, New York University School of Medicine; past consultant to the New York State Department of Correction (1961-1962) and to the New York City Department of Correction (1963-1965); medical advisor to the New York City Director of Selective Service. I have published and lectured extensively both in general psychiatry and in forensic psychiatry.

2. On March 29, 1973, I was requested to give my professional opinion concerning the significance of a letter purportedly written by a person who had served as a juror at the trial of the above encaptioned case. There were delivered to me: (a) a handwritten copy of the letter in question; (b) psychiatric reports of the following physicians: Robert W. Damino (March 15, 1973); Jerry C. Atkins (March 16, 1973); Samuel C. Karlin (March 15, 1973); Donald M. Brough (February 28, 1973); and John J. Vetter (March 15, 1973); and (c) an eleven page "Memorandum of Law" authored by Assistant United States Attorneys Harold F. McGuire, Jr. and S. Andrew Schaefer.

3. The attorneys for Mr. Ostrer have requested that I assume the following:

A. The letter in question [hereinafter, "the letter"] was written by a person who had earlier served as a juror in a federal criminal trial during the period from January 4, 1973 to January 26, 1973;

B. The letter was written at some point during the three week period following the rendition of the jury's verdict;

C. The content of the letter was the product of the juror's mind, i.e., she was not directed or compelled by anyone to write the letter;

D. The juror is "... a middle aged woman [who, upon the voir dire of prospective jurors] explained that she held a position as a nurse's aide at Flower Fifth Avenue Hospital" (taken from Memorandum of Law of the United States, p. 3);

E. Mr. Dioquardi's wife was not in the courtroom at any time during the trial.

THE LETTER

4. I am advised that at the top of each page of the letter there is an imprinted letterhead containing the word

"Libra", beneath which there is a depiction of a balance scale. Under the letterhead, there is handwritten the following statement.

"The sign Libra is the heavenly house of the Zodiac under which I was born."

Thereafter, the content of the letter is as follows:

"Dear Mr. Dioquardi,

"Under the situation and such circumstances I hope that I have made the right decision. I talked to my friends Bertha and her husband Olive about this. Olive agree that I write to you. Bertha, however, was against it. Nevertheless, I felt I had to write you. I cannot admit what I have seen. When I saw the good within you and how hard your wife was trying; I prayed about it. One word appear before me repent. If you repent and run a clean business it is the good within you that will save you, and you will gain what you have lost. Before I continue I must explain something to you. I have eyes and ears that I can see things before it happen. I can tell you about other and what they are thinking and doing. If I am wrong about this it is the first time. I would like to visit you. I would like to talk to you about what appear before me. I would like to do so when my eyes fully open. They are only partly open. I don't know at the present when they will be open. Unfortunately a curse was put upon them some years ago. I have some people working on them. Everything is being done that can be done. So we will have to wait. As I stated I cannot admit what appear before me, when I was on the jury bench. You feel that this is the end for you. However, it is not. Something appear before me that I must do. It is the good within you that I must use and within that good, you will gain what you have lost. If, however, I am wrong it is the first time. Why, you let such a relationship exist between you and a man like Hellerman? When I think of the good that I saw within you it doesn't add up.

Where did Hellerman get those fur coats? Does he have any for sale? Quit the question. I really can't afford one, and if I could I probably be afraid to wear it. Why persecute your wife? Your mistake your guilty then take it out on her. The ordeal you put her through I wonder how she survive through it. One word appear before me brave. She never stop loving you not a single moment. Tell her to please be careful. From what I can see she is still in business. I suggest it is not wise at this time. I believe she is being watch.

"That was a good lawyer you had. I intend to send him some customer as soon as my eyes open.

"Tell Ostrer I am praying for him.

"Mr. Dioquardi, I want to ask a favor of you please.

"I want you to look upon me as a woman and I look upon you as a man and not white man and black woman. Olive agree with me. Let's have color out, okav?

"I was told you will only have to serve one third of the time given. So relax this is not the end. Soon you will be free. When I call the Federal information center and the record room yesterday they all know you. They all seem to have it in for you. Its seeded deep within them like a personal matter.

"Sincerely,

"Genena."

PRELIMINARY OBSERVATIONS

5. This letter appears to have been written by a woman who suffers from a significant mental infirmity, the exact diagnosis of which would require clinical interviews and psychological testing. The letter is typical of those written by paranoid psychotic individuals suffering from a schizophrenic thought disorder found in great abundance in mental hospitals throughout the country. Aside from showing

poor judgment, the letter is replete with psychopathology 361
so blatant that one need not make a careful dissection of it
in order to conclude that the juror was possessed of a substan-
tially impaired ability to exercise judgment in the evaluation
of evidence and in following the requirements of law as given
to her by the instructions of a Judge.

ANALYSIS OF THE LETTER

6. The juror writes that, during the trial: "I saw
the good within you and how hard your wife was trying." As
earlier indicated, I have been given to understand that Mr.
Dioguardi's wife was not in the courtroom at all during the
trial. The juror, therefore, was delusional in this regard,
or misinterpreted one of the courtroom spectators as being
the wife of Mr. Dioguardi.

7. The letter continues: "I prayed about it. One
word appear before me repent." I find this to be a fairly
clear indication that the juror has or is given to visions
or visual hallucinations. She further states, "I have eyes
and ears that I can see things before it happen. I can tell
you about other and what they are thinking and doing." This
claimed clairvoyant ability on her part can be interpreted in
several ways. It may indicate the primitive nature of her
personality, or, more likely, it indicates that she is gran-
diose concerning her own abilities and that this grandiosity
goes beyond the realm of reality and into psychosis. Further
evidence of this latter conclusion is found in her assertion
that her eyes are not fully opened due to a curse that was
put upon them some years ago.

8. Perhaps the most significant statement in the let-
ter concerning the juror's state of mind during the course of

the trial is as follows: "As I stated I cannot admit what appear before me, when I was on the jury bench." We have here an admission that the juror visually hallucinated during the course of the trial.

9. People who suffer from visual hallucinations are psychotic, that is, they are detached from reality and are unable to exercise critical judgment normally attributable to the average person. The juror goes on to reveal that her visions compel her to act in certain ways: "Something appear before me that I must do."

10. The juror's abnormally defective judgment, while indicated generally by the letter as a whole, is clearly evident from the illogical and inappropriate insertion of the following remarks: "Where did Hellerman get those fur coats? Does he have any for sail [sic]? Quit the question. I really can't afford one, and if I could I probably be afraid to wear it."

11. Throughout the letter, the juror strongly identifies with the fantasied or real wife of Mr. Dioguardi. Analytically, one would postulate that the juror feels persecuted and wonders how she has been able to survive and how she can survive. She projects her own fears, in a paranoid fashion, onto the fantasied wife of Mr. Dioguardi. With this degree of identification and projection, it becomes extremely difficult, even for an otherwise normal person, to exercise critical and unbiased judgment in the weighing of facts concerning the man responsible for the alleged persecution.

OPINION

12. It is my professional opinion, based upon a careful analysis of the letter, that the letter makes a positive presumptive showing that, at the time of the trial, the juror

suffered from a chronic psychotic thought disorder which so severed her relationship with reality that she was unable to exercise critical judgment or to function in an unbiased manner in the evaluation of evidence produced at the trial. Indeed, it would appear that her unsoundness of mind was so overwhelming that she was subject to auditory and visual hallucinations, delusions and a belief in her own omnipotence.

13. The exact nature of the type of psychosis with which the juror is afflicted, can be further investigated for the purpose of giving it a definitive label. Such an investigation would entail clinical psychiatric interviews and, of particular importance, psychological testing. Such a course, while it would be useful to the juror in terms of definitive diagnosis and treatment, does not appear to be relevant to the issue presently before the Court for determination. Regardless of the name or the ultimate cause of her illness, the fact remains that the juror is, based on the evidence produced in this letter, suffering from a psychotic disorder and is a woman of unsound mind.

THE GOVERNMENT'S MEMORANDUM

14. At page 6 of its Memorandum, the government asserts that: "Obviously, no present psychiatric examination of Miss Rush (six weeks after trial, under circumstances where she is likely to be feeling pressure and guilt), could satisfactorily resolve" the question of whether "some mental infirmity at the time of trial made Miss Rush incapable of discharging her deliberative function properly." It is my professional opinion that the letter in question is positive presumptive evidence that the juror was psychotic at the time she wrote it and for some time prior thereto, including the period of

the trial. Moreover, it is frequently the case, particularly 364
in the area of forensic psychiatry, for the competency of people to be questioned and determined retrospectively. This has long been the case with regard to culpability for otherwise criminal conduct as well as with regard to the determination of rights in many other areas of the law, such as the validity of marriages, contracts, wills, etc. It is not unusual for this to occur with regard to events which preceded the determination by years. Here, where we are dealing with the passage of only a few weeks, a determination can clearly be made.

15. The government also urges that the absence of an overt psychotic episode during the course of the trial would be an indication that the juror was capable of discharging her duties. I respectfully submit that there are many psychotic people who are able to camouflage their psychoses as a result of years of experience. Such psychotics learn that, to the degree they can, they must avoid alerting others to the delusions and hallucinations which they are experiencing or have experienced. Thus, such a person, while hallucinating, will not respond to her voices with her lips, because she has learned that this disturbs others, causes her to be discriminated against, and will occasion unpleasant scenes. Therefore, they listen to the voices or they see visions and they do not give any external manifestation of experiencing these psychotic phenomena. The juror's ability not to draw attention to her psychotic condition during the course of the trial does not, by any stretch of the imagination, indicate that she was not, in fact, psychotic during the trial.

16. The government has proposed that the level of competency which should be required of an individual who is to

perform the function of a juror should be roughly equated to the level of competency which is required for an individual to stand trial. It should be noted that required competency levels vary according to the function which must be performed. It would seem clear that the ability to exercise the critical and unbiased judgment necessary for the performance of the function of a juror, is of a significantly higher level than the mere ability to "understand" the proceedings and "assist" in one's own defense.

Respectfully submitted,

Stanley L. Portnow, M.D. F.A.P.A.
STANLEY L. PORTNOW, M.D. F.A.P.A.

Sworn to before me this
2nd day of April, 1973.

Julie Plummer
Vern S.

NOTED
Commissioner of State
New York County Clerk's Office
4-287
6/1 3

SAMUEL C. KARLAN, M.D.

42-00 MAIN STREET
FLUSHING, N. Y. 11355

FLUSHING 9-6834

March 15, 1973

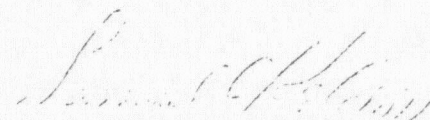
TO WHOM IT MAY CONCERN:

I examined the letter of Genena Rush which was written to Mr. Dioguardi. This letter was a copy of the letter which was hand written by Mr. Dioguardi. The letter was written to Mr. Dioguardi after his trial had taken place. Mrs. Genena Rush had been a member of the jury that convicted Mr. Dioguardi:

In this letter the writer states "I can see things before they happen. I can tell you about others and what they are thinking and doing. If I am wrong about this it is the first time. I would like to talk to you about what appears before me when my eyes are fully open. They are only partly open. I don't know when they will open. A curse was put upon them some years ago. I have some people working on them. Everything is being done that can be done so we will have to wait. As I stated I can not admit what appeared before me when I was on the jury bench". She also states "Something appeared before me that I must do. It is the good within you that I must use and within that good you will gain what you have lost. If however I am wrong it is the first time". She also states "I want you to look upon me as a woman and I look upon you as a man".

It is clear from this letter that this patient is having imaginations about what she can see and what she can do and these are in the form of visual hallucinations and apparently auditory hallucinations. It is also clear from this letter that she had these visions while she was on the jury.

It is therefore my opinion that the letter is evidence that this patient underwent a psychotic episode while she was on the jury and while she wrote this letter, which is suggestive of a schizophrenic mechanism and that she was not in contact with reality.



SAMUEL C. KARLAN M.D.
DIPLOMATE OF THE AMERICAN BOARD OF
PSYCHIATRY AND NEUROLOGY
FELLOW OF THE AMERICAN PSYCHIATRIC
ASSOCIATION
QUALIFIED PSYCHIATRIST OF NEW YORK STATE
DEPARTMENT OF HYGIENE

ROBERT W. DAMINO, M. D.
142 MINEOLA AVENUE
ROSLYN HEIGHTS, N. Y. 11577
(516) MA 1-3279

March 15, 1973

Jay Goldberg, Esquire
299 Broadway
New York, New York

Dear Mr. Goldberg:

I am a qualified Psychiatrist No. 3516 in the State of New York. I am a diplomate of the American Board of Psychiatry and Neurology, certified in Psychiatry. I am also the Medical Director of the Family Court Mental Health Clinic of Nassau County. I am a member of the New York Bar since 1957. I was formerly an adjunct Professor of Psychology at Molloy College in Rockville Center, New York.

I have this day carefully examined a letter which purportedly contains the contents, word for word, of a letter written by one Gemena Rush, of 521 W. 152nd St., N.Y.N.Y. 10031, to one Mr. John Dioguardia. The letter I examined is, according to information given to me, a letter in Mr. Dioguardia's handwriting copied from the original letter written by the aforementioned Gemena Rush.

The contents of the letter written by Gemena Rush indicate that she is substantially disturbed in reality relationships. For example, in the letter, she refers to having power to "see things" before it happen. Similarly, she refers to having the power of knowing what other persons are thinking: "I can tell you about other and what they are thinking...." The delusion of having the power to know things before they happen and to be able to know the minds of others in the sense of being able to practically know their thinking are typical manifestations occurring in persons in a psychotic state. The aforementioned Gemena Rush also had the delusion as indicated by the contents of her letter that she is omnipotent: "If I am wrong about this it is the first time," referring to knowing what other persons are thinking. The delusion of being omnipotent is a typical common manifestation of a person in a psychotic state.

The contents of the letter of the aforementioned Gemena Rush clearly indicate that she was having visual hallucinations: "I would like to talk to you about what appear before me." The content of the letter of Gemena Rush indicates that this woman was disturbed in reality relationships in regard to seeing or not seeing what might be in front of her eyes: "I would like to do so when my eyes fully open. They are only partly open. I don't know at the present when they will open."

The contents of the letter of the aforementioned Gemena Rush indicate that this woman was in a delusional state in regard to the matter of "a curse" being placed upon what she did see: "Unfortunate a curse was put upon them (eyes) some years ago." In regard to this delusional state, as to the curse being placed upon her eyes it cannot be certain whether Gemena Rush was seeing what others would see or was "seeing" imagined scenes.

The content of the letter of Gemena Rush indicates that she was in a delusional state that imagined persons were doing something to her eyes: "I have some people working on them (eyes)."

The content of the letter of Gemena Rush indicates very definitely that this woman was in a delusional state while serving on the jury: "As I stated I cannot admit what appear before me, when I was on the jury bench." This single statement alone, even in the absence of a large amount of other psychodynamic evidence, indicates that Gemena Rush could not properly evaluate evidence or make any kind of logical connections in regard to the evidence when she was serving on the jury.

The content of the letter of Gemena Rush indicates that this woman was making an identification with the accused: "You feel that this is the end for you. However it is not...So relax this is not the end...When I call the Federal information center and the record room yesterday they all know you. They all seem to have it in for you." Psychodynamically, it is very clear that Gemena Rush in referring to "this is the end for you," and "they all seem to have it in for you," is referring to herself, but is unaware (unconscious) of the matter. In view of this confused identification of Gemena Rush with the accused, her decision for conviction may very well have been a decision of convicting herself because of guilt regarding her own activities, rather than any activities of the accused. This entire matter is made even clearer by the statement of Gemena Rush: "As I stated I cannot admit what appear before me, when I was on the jury bench." Since by her own statement she indicates that she cannot admit what appeared before her, the reasonable psychodynamic inference is that she was dealing with matters of her own about which she felt guilty, not necessarily with the activities of the accused.

In view of this very obvious preoccupation of Gemena Rush with the internal world of her delusions at the time when she served on the jury, any conclusions, decisions, or the like of Gemena Rush made at the time she served on the jury have no validity as to the evidence presented in Court. Put another way, at the time that she served on the jury she was utterly incapable of thinking logically as to the evidence, and utterly incapable of properly evaluating the evidence.

Respectfully submitted,

Robert W. Damino, M.D.

JERRY C. ATKINS, M.D.

115 EAST 19TH STREET
NEW YORK, N.Y. 10003

673-0055

March 16, 1973

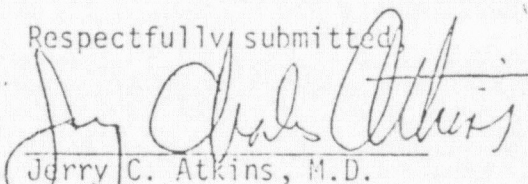
TO WHOM IT MAY CONCERN:

I have read the letter reputed to have been written by Miss Genena Rush of 521 W. 152nd St., N.Y. and addressed to Mr. John Dioguardia.

Miss Rush appears to have been one of the jurors in the trial involving Mr. Dioguardia. She is writing this letter to communicate with him some of her feelings and thoughts which occurred both during and subsequent to the trial. She makes references to feelings of seeing herself as a visionary whose eyes can see things that other peoples can't. She makes references to visions that she saw during the trial and about a certain cloudiness of her eyes secondary to a curse put upon her some years ago. She offers to help Mr. Dioguardia claiming that she is able to see the good within him where other people cannot.

My impression is judging from this letter Miss Rush would have had great difficulty exercising sound judgement during the trial mentioned in her letter. Her religious convictions could be classified as being ideas of grandiosity and furthermore there is evidence of auditory and visual hallucinations in her description of herself.

Respectfully submitted,



Jerry C. Atkins, M.D.

Associate attending Dept. of Psychiatry
St. Vincent's Hospital, N.Y.

JC:bk

JOHN J. VETTER, M.D.

103 EAST 66th STREET
NEW YORK, N.Y. 10028

TRafalgar 6-6297

March 15, 1973

Philip A. Marraccini, M.D.
Doctor's Diagnostic & Treatment Center
7 Ellis Place
Ossining, N.Y. 10562

Dear Dr. Marraccini:

I have carefully studied the letter written to Mr. Dioguardi following his trial and signed "Genena" with further identification of the writer given below the signature as "Genena Rush, 521 West 152 Street, New York, N.Y. 10031." The letter is three pages long, written by hand and is undated.

Examination of the content of this letter reveals clear cut evidence of mental disorder in the writer in the form of repeated references to hallucinatory experiences, with one specific reference to such an experience while serving as a juror at the trial. There is also clear cut evidence of delusional thinking with ideas of persecution and of being observed.

In addition to these abnormalities of thought content, there is a less striking but still clearly discernible disturbance of the normal logical connectedness and appropriateness of the ideas related in the letter to each other and to the situation as a whole.

The relevant passages in the letter, spelled and punctuated as they appear, are as follows:

1. Hallucinations: "I have eyes and ears that I can see things before it happen. I can tell you about other and what they are thinking and doing... I cannot admit what I have seen... I would like to talk to you about what appear before me. I would like to do so when my eyes fully open. They are only partly open. I don't know at the present when they will open... As I stated I cannot admit what appear before me when I was on the jury bench... Something appear before me that I must do."

2. Persecutory delusional thinking: (In reference to her eyes), "a curse was put upon them some years ago." (In reference to Mrs. Dioguardi), "tell her to please be careful. From what I can

cont.

see she is still in business. I suggest it is not wise at this time. I believe she is being watch." (In reference to Mr. Dioguardi), "When I call the federal information center and the record room yesterday they all know you. They all seem to have it in for you. It's seated deep within them like a personal matter."

3. Grandiosity: "It is the good within you that I must use and within that good, you will gain what you have lost." In addition, the references to hallucinatory experience contain a grandiose element, e.g. "I have eyes and ears that I can see things before it happen. I can tell you about other and what they are thinking and doing."

4. Disturbance of logical thought connectedness and appropriateness: "Why, you let a relationship exist between you and a man like Hellerman? When I think of the good that I saw within you it doesn't add up. Where did Hellerman get those fur coats. Does he have any for sail? Quit the question. I really can't afford one, and if I could I probably be afraid to wear it. Why persecute your wife? Your mistake your guilty then take it out on her..."

Conclusion: In my opinion there is clear cut evidence of mental disorder in the writer of the letter to Mr. Dioguardi which is discussed and quoted above. The abnormal thinking processes, impairment of judgment, hallucinatory experience and delusional belief directly involving the case at hand, would indicate an incapacity, by reason of mental infirmity, to render efficient jury service, or to have functioned efficiently as a juror in the case concerned.

Sincerely yours,

John J. Vetter

John J. Vetter, M.D.
Diplomate, American Board of Psychiatry
and Neurology (Psychiatry)

JJV/mi

ARNOLD H. ZUCKER, M. D.
120 EAST PROSPECT AVENUE
MOUNT VERNON, NEW YORK
MOUNT VERNON 8-2332

March 5, 1973

Dear Attorney Goldberg:

This is to certify that I am a Diplomate, American Board of Psychiatry and Neurology, a New York State Qualified Psychiatrist, and a Fellow of the American Psychiatric Association. I have studied the letter written by "Geneva Rush" to "Mr. Dioguardi." Certain conclusions can be made definitively, in my opinion, and some others are more speculative, requiring validation.

On the basis of the letter alone, I believe the following assertions can be put forth:

1. The writer is emotionally involved with Mr. Dioguardi, in an intensive manner.

2. The writer is concerned with Mr. Dioguardi's welfare and fate.

The writer wishes to be helpful and supportive

4. The writer believes she possesses powers of clairvoyance and feels impelled to act upon her revelations.

Permitting a limited degree of speculation based upon the above evidence, the following conclusions appear warranted, in my opinion.

1. The writer experiences guilt about Mr. Dioguardi's incarceration. She is convinced about his "bad" behavior (wrongdoing, association with "a man like Hellerman"), but "sees" the "good" in him.

Her responses are somewhat appropriate in the context of her educational, cultural, and religious background. To alleviate her guilt feelings and "save" Mr. Dioguardi, she urges him to "repent," mend his ways, and maintain his faith.

The writer was apparently able to control her responses

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ARNOLD H. ZUCKER, M. D.
120 EAST PROSPECT AVENUE
MOUNT VERNON, NEW YORK
MOUNT VERNON 8-2332

re: letter of Genena Rush

or disguise her idiosyncratic ideas during the trial. She could not "admit what appear before me, when I was on the jury bench."

I believe that the data suggests the following psychodiagnostic impressions, which require clinical confirmation (psychiatric evaluation of the writer).

1. Above the cultural-religious beliefs, artistic (pathological fantasy preoccupation) tends are indicated: eyes and ears that "see" things (visual and auditory "hallucinations?"), a "curse" closing her eyes, and "people working on them."

2. Paranoid tends are significant. The writer utilizes the defense mechanism of

attributes actions to others, without evidence. Her beliefs are accompanied by a conviction of certainty, suggesting they are delusional, i.e., paranoid delusions (persecutory, "watching"). This is borne out by such statements as: "I believe she (your wife) is being watch." "They all seem to have it in for you. It's seated deep within them like a personal matter."

In summary, my psychiatric impression is that of a highly paranoid, autistically preoccupied (probably psychotic) individual, who has maintained fairly adequate external controls and functioning, but who may be decompensating due to the strong emotions produced by her role in the trial. These factors would mitigate against her serving as an objective, reality-oriented, unbiased juror.

Arnold W. Zucker, M.D., F.A.P.A.

DR. DONALD M. BROUGH
TEN NORTH BROADWAY
WHITE PLAINS, NEW YORK 10601

Telephone 946-1346

February 28, 1973

Dr. Philip A. Marriocini
Doctors Diagnostic and Treatment Center
of Westchester
7 Ellis Place
Ossining, New York 10562

Dear Dr. Marriocini:

I have given close study to the letter you left with me today, marked as written by Mrs. Genena Rush, 521 West 152nd Street, New York City, New York 10031 to Mr. Dioguardi following his trial. I can offer the following comments:

Clearly, this letter was written consciously with every good intention on the part of Mrs. Rush in an effort to be helpful to Mr. Dioguardi. However, if I take the letter completely literally, I would have no hesitation in stating that the writer was here showing evidence of being hallucinated, delusional and would prove to be suffering from a Paranoid Condition.

Taking it in a far less literal fashion, allowing the greatest degree of latitude interpreting what she wrote, so that it can be taken as a somewhat picturesque, idiosyncratic expression of her ideas, influenced by educational, cultural and religious factors, I still would find important grounds for believing that the letter shows that she was involved in this situation in a very unreal and unusual way.

In my opinion it is most likely that she is, in fact, suffering from a Paranoid Condition in which she has hallucinatory experiences and delusional thinking.

"I have eyes and ears that see things before it happens. I can tell you about others and what they are thinking and doing". In the absence of other evidence this could be interpreted as saying "I think I'm pretty good at guessing what's going to happen and what people are going to do." I believe that would be a misinterpretation. Everything else in the letter points to it really being a delusional belief that she can, indeed, read other people's thoughts.

Her concern with repentance, saving Mr. Dioguardi, her mysterious allusion to seeing things, her apparent belief that someone has put a curse on her eyes to that they cannot be fully opened,

Dr. Philip A. Marriccini
Page 2
February 28, 1973

her attempt to reassure Mr. Dioguardi about his future because of what knowledge she seems to have of it, her belief that the authorities are against Mr. Dioguardi and that Mrs. Dioguardi is being watched, all these are surely evidence of a Paranoid Condition.

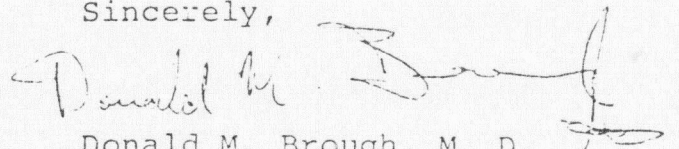
She has obviously been in an emotional state recently which would surely mitigate against her ability to view evidence before a court with any reliable degree of objectivity. The letter shows a kind of emotional involvement with Mr. Dioguardi and his fate that is far removed from the facts at hand. It is characteristic of such Paranoid thinking that the patient attempts to conceal the seriousness of the deviation from normal in her thinking. Hence the fact that she could get on the Jury in the first place, and hence her unwillingness to be explicit concerning what she thought she saw while with the Jury.

I think that this letter is, at least in part, an attempt to cope with her own feelings of doubt, guilt, and ambivalence regarding her role in the proceedings.

Whatever the court may consider the proper steps to take in regard to any other aspect of the case, it would be my hope that further psychiatric examination would be gently encouraged upon her, and that she would be willing to cooperate.

If efficient Jury service as referred to in the law is meant the ability to determine fairly and impartially the facts without prejudgement and solely on the basis of the evidence as presented in court, it is clear that this individual very probably would be incapable of meeting her responsibilities and could not have functioned as an efficient juror.

Sincerely,



Donald M. Brough, M. D.
American Boards of
Psychiatry and Neurology

DMB/par

COPY RECEIVED
NOV 2 - 1977
U.S. ATTORNEY
SO. DIST. OF N.Y.